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**Benoit School District**  
Audited Financial Statements  
June 30, 2005

**J E Fortenberry, III, PC**  
Certified Public Accountant

FINANCIAL AUDIT REPORT

**Benoit County School District  
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INDEPENDENT AUDITOR'S REPORT  
ON THE BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY  
INFORMATION AND SUPPLEMENTAL INFORMATION

J.E. FORTENBERRY, III, PC  
Certified Public Accountant

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

October 4, 2005  
Superintendent and School Board  
Benoit School District

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Benoit School District as of and for the year ended June 30, 2005, which collectively comprise the Benoit School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Benoit School District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements, referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Benoit 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*, I have also issued my report dated October 4, 2005 on my consideration of the Benoit School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis on pages (8) through (14) and the Budgetary Comparison Schedule and corresponding notes on pages (41) through (47) are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Benoit School District's basic financial statements. The 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 basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



J.E. Fortenberry, III, PC  
Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The discussion and analysis of Benoit 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 section 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.

This discussion and analysis is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

**FINANCIAL HIGHLIGHTS**

- Total net assets increased \$90,574, which represents 10% from fiscal year 2004.
- General revenues account for \$2,270,194 in revenue, or 60% of all revenues. This amount was more amount-wise but less percentage-wise when compared to the general revenues reported for the year 2004, which consisted of \$2,172,307 in revenue, or 61% of all revenues. Program specific revenues in the form of charges for services and grants and contributions for this year accounted for \$1,489,743 or 40% of total revenues compared with \$1,360,809 in 2004.
- The District had \$3,669,363 in expenses, an amount that decreased when compared with the \$3,921,645 in expenses for the prior year; only \$1,489,743 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$2,270,194 were adequate to provide for these programs.
- Among major funds, the General Fund had \$2,091,639 in revenues and \$2,227,768 in expenditures. In 2004 the General Fund had \$2,004,465 in revenues and \$2,661,844 in expenditures. The General Fund's fund balance increased \$108,204 over the prior year.
- Capital assets, net of accumulated depreciation, decreased by \$23,616.
- Long-term debt decreased by \$49,704.

## 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, sixteenth section and interest on long-term liabilities.

The government-wide financial statements can be found on pages 16 and 17 of this report.

**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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 20 and 24, respectively.

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 fund balance sheet and in the governmental fund 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.

The basic governmental fund financial statements can be found on pages 18 and 22 of this report.

**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. The school district's fiduciary activities are presented in separate Statements of Fiduciary Net Assets on page 25.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-39 of this report.

**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 additional major fund. This required supplementary information can be found on pages 41-47 of this report.

Additionally, a new schedule of instructional, administrative, and other expenditures-governmental funds has been included after the schedule of federal awards, required by OMB Cir. A-133. These schedules can be found on pages 49 and 50 of 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 \$959,870 as of June 30, 2005.

The District's net assets reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment, and construction in progress, 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.

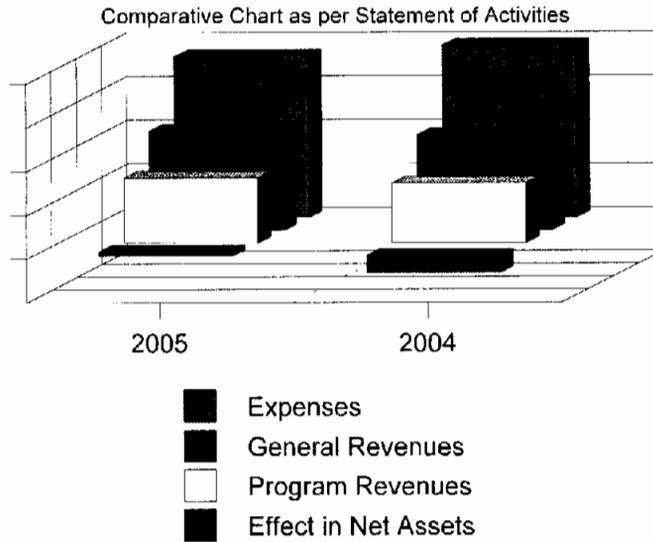
The District's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2005 and 2004.

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Current assets	\$ 978,087	\$ 929,878
Capital assets, net	<u>438,655</u>	<u>462,271</u>
<b>Total assets</b>	1,416,742	1,392,149
<b>Liabilities</b>		
Current liabilities	4,934	21,212
Long-term debt outstanding	<u>451,938</u>	<u>501,642</u>
<b>Total liabilities</b>	<u>456,872</u>	<u>522,854</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	(3,245)	(29,333)
Restricted	218,498	676,553
Unrestricted	<u>744,617</u>	<u>222,075</u>
<b>Total net assets</b>	<u>\$ 959,870</u>	<u>\$ 869,295</u>

**Changes in net assets.** The District's total revenues for the fiscal year ended June 30, 2005 were \$3,759,937. The total cost of all programs and services was \$3,669,363. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2005.

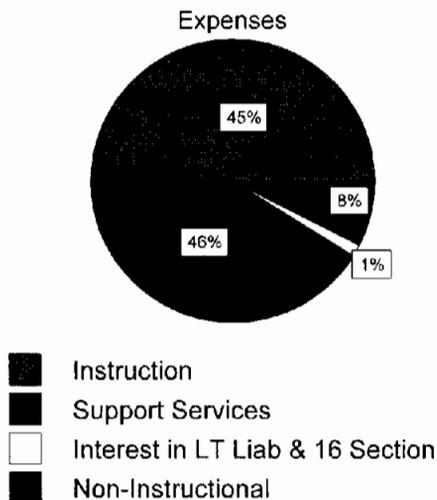
	<u>2005</u>	<u>2004</u>
<b>Revenues:</b>		
Program revenues	\$ 1,489,743	\$ 1,360,809
General revenues	<u>2,270,194</u>	<u>2,172,307</u>
<b>Total revenues</b>	<u>3,759,937</u>	<u>3,533,116</u>
<b>Expenses:</b>		
Instruction	1,758,465	1,755,011
Support services	1,592,873	1,752,054
Non-instructional	265,670	350,649
Sixteenth section	41,355	52,366
Interest on long-term liabilities	<u>11,000</u>	<u>11,565</u>
<b>Total expenses</b>	<u>3,669,363</u>	<u>3,921,645</u>
<b>Increase (Decrease) in net assets</b>	<u>\$ 90,574</u>	<u>\$ (388,529)</u>



**Governmental activities.** The following table presents the cost of five major District functional activities: instruction, support services, non-instructional, sixteenth section and interest on long-term 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.

	Total Expenses	Net(Expense) Revenue
Instruction	\$ 1,758,465	\$ (1,331,312)
Support services	1,592,873	(921,920)
Non-instructional	265,670	125,967
Sixteenth section	41,355	(41,355)
Interest on long-term liabilities	11,000	(11,000)
<b>Total expenses</b>	<b>\$ 3,669,363</b>	<b>\$ (2,179,620)</b>

Expenses as per Statement of Activities



- Net cost of governmental activities (\$2,179,620), was financed by general revenue, which is made up of primarily property taxes (\$673,705), state revenue (\$1,328,185), and sixteenth section sources (\$223,637).
- Investment earnings accounted for \$3,612 of funding.

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

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

**Governmental funds.** The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, 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 \$978,087, an increase of \$64,045. \$975,955 or 99.78% 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 \$2,132 or 0.22% 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 increase in fund balance in the General Fund for the fiscal year was \$108,204. The fund balance of Other Governmental Funds showed a decrease of \$52,807. The Sixteenth Section Interest Fund showed an increase in Fund Balance of \$17,023. The other major funds showed a decrease in Fund Balance, except for the Twenty First Century Learning Center Fund that remained the same, no changes took place.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the annual operating budget.

- Budget amounts for revenue decreased to account for MAEP monies distributed by the State.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and other major 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 \$1,403,772, including land, school buildings, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$15,548 from the previous year. Total accumulated depreciation as of June 30, 2005 was \$965,117 and total depreciation expense for the year was \$39,164, resulting in total net assets of \$438,655.

Additional information of the District's capital assets can be found in Note 4 on page 35 of this report.

**Debt Administration.** At June 30, 2005, the District had \$451,938 in other long-term debt outstanding, of which \$51,848 is due within one year.

The District maintains an AA bond rating.

Additional information of the District's long-term debt can be found in Note 5 on page 36 of this report.

### **CURRENT ISSUES**

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

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report, contact the Superintendent's Office of the Benoit School District, P. O. Box 189, Benoit, MS 38725.

FINANCIAL STATEMENTS

**BENOIT SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

	Governmental Activities
<b>Assets</b>	
<i>Cash and cash equivalents</i>	\$ 858,356
<i>Due from other governments</i>	85,083
<i>Inventories and prepaid items</i>	2,132
<i>Restricted assets</i>	32,516
<i>Capital assets, net</i>	438,655
<b>Total Assets</b>	<u>1,416,742</u>
<b>Liabilities</b>	
<i>Interest payable on long-term liabilities</i>	4,934
Long-term liabilities (due within one year):	
<i>Capital related liabilities</i>	50,845
<i>Non-capital related liabilities</i>	1,003
Long-term liabilities (due beyond one year)	
<i>Capital related liabilities</i>	391,055
<i>Non-capital related liabilities</i>	9,035
<b>Total Liabilities</b>	<u>456,872</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	(3,245)
Restricted For:	
School-based activities	170,061
Unemployment benefits	10,049
Forestry improvements	5,872
Sixteenth section	
Expendable	259
Nonexpendable	32,257
Unrestricted	744,617
<b>Total Net Assets</b>	<u>\$ 959,870</u>

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Primary government					
Governmental Activities:					
<i>Instruction</i>	1,758,465	26,094	356,831	44,228	(1,331,312)
<i>Support services</i>	1,582,873	--	670,963	--	(921,920)
<i>Noninstructional services</i>	265,670	178,515	213,122	--	125,967
<i>Sixteenth section</i>	41,355	--	--	--	(41,355)
<i>Interest on long-term liabilities</i>	11,000	--	--	--	(11,000)
Total Primary Government	<u>\$ 3,669,363</u>	<u>\$ 204,609</u>	<u>\$ 1,240,906</u>	<u>\$ 44,228</u>	<u>(2,179,620)</u>
General Revenues:					
Taxes:					
<i>General purpose levies</i>					673,705
Unrestricted grants and contributions:					
<i>State</i>					1,328,185
<i>Federal</i>					31,187
<i>Unrestricted investment earnings</i>					3,612
<i>Sixteenth section sources</i>					223,637
<i>Other</i>					9,868
Total general revenues					<u>2,270,194</u>
Change in Net Assets					90,574
Net Assets - Beginning					869,296
Net Assets - Ending					<u>\$ 959,870</u>

The accompanying notes are an integral part of this statement.

**BENOIT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2005**

	General Fund	Title I - B-3 Reading First FYE - 2003	EHA Part B 2000 FY Grant Fund
<b>ASSETS</b>			
<i>Cash and cash equivalents</i>	\$ 154,260	\$ --	\$ --
<i>Due from other governments</i>	39,621	5,655	10,053
<i>Due from other funds</i>	47,888	--	--
<i>Inventories and prepaid items</i>	--	--	--
<b>Total Assets</b>	<b>\$ 241,769</b>	<b>\$ 5,655</b>	<b>\$ 10,053</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
<i>Due to other funds</i>	\$ --	\$ 5,655	\$ 10,053
<b>Total Liabilities</b>	<b>--</b>	<b>5,655</b>	<b>10,053</b>
<b>Fund balances:</b>			
<b>Reserved for:</b>			
<i>Inventory</i>	--	--	--
<b>Unreserved, undesignated, reported in:</b>			
<i>General fund</i>	241,769	--	--
<i>Special Revenue funds</i>	--	--	--
<i>Permanent funds</i>	--	--	--
<b>Total Fund Balances</b>	<b>241,769</b>	<b>--</b>	<b>--</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 241,769</b>	<b>\$ 5,655</b>	<b>\$ 10,053</b>

The accompanying notes are an integral part of this statement.

21st Century Learning Center	Sixteenth Section Interest Fund	Pace Bus Transportation Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 511,731	\$ 7,418	\$ 217,463	\$ 890,872
7,138	--	9,079	13,537	85,083
--	--	--	--	47,888
--	--	--	2,132	2,132
<u>\$ 7,138</u>	<u>\$ 511,731</u>	<u>\$ 16,497</u>	<u>\$ 233,132</u>	<u>\$ 1,025,975</u>
\$ 7,138	\$ --	\$ 16,192	\$ 8,850	\$ 47,888
<u>7,138</u>	<u>--</u>	<u>16,192</u>	<u>8,850</u>	<u>47,888</u>
--	--	--	2,132	2,132
--	--	--	--	241,769
--	511,731	305	189,634	701,670
--	--	--	32,516	32,516
--	<u>511,731</u>	<u>305</u>	<u>224,282</u>	<u>978,087</u>
<u>\$ 7,138</u>	<u>\$ 511,731</u>	<u>\$ 16,497</u>	<u>\$ 233,132</u>	<u>\$ 1,025,975</u>

**BENOIT SCHOOL DISTRICT**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2005*

Total fund balances - governmental funds balance sheet	\$ 978,087
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	438,655
Liabilities due in one year	(51,848)
Payables for capital leases which are not due in the current period are not reported in the funds.	(154,853)
Payables for bond interest which are not due in the current period are not reported in the funds.	(4,934)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(9,035)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(236,202)
Net assets of governmental activities - statement of net assets	<u>\$ 959,870</u>

The accompanying notes are an integral part of this statement.

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**BENOIT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	General Fund	Title I - B-3 Reading First FYE - 2003	EHA Part B 2000 FY Grant Fund
Revenue:			
Local sources	\$ 721,113	\$ --	\$ (1)
State sources	1,339,339	--	--
Federal sources	31,187	172,524	81,721
Sixteenth section sources	--	--	--
Total revenues	<u>2,091,639</u>	<u>172,524</u>	<u>81,720</u>
Expenditures:			
Instruction	1,178,512	171,480	--
Support services	988,232	--	81,863
Noninstructional services	--	--	545
Sixteenth section	--	--	--
Debt service:			
Principal	49,704	--	--
Interest	11,320	--	--
Total expenditures	<u>2,227,768</u>	<u>171,480</u>	<u>82,408</u>
Excess (deficiency) of revenues (over) expenditures	(136,129)	1,044	(688)
Other financing sources (uses):			
Operating transfers in	247,303	--	--
Operating transfers out	(2,970)	(5,000)	--
Total other financing sources (uses)	<u>244,333</u>	<u>(5,000)</u>	<u>--</u>
Net change in fund balance	108,204	(3,956)	(688)
Fund Balances:			
July 1, 2004	133,565	3,956	688
Increase (decrease) in reserve for inventory	--	--	--
June 30, 2005	<u>\$ 241,769</u>	<u>\$ --</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

21st Century Learning Center	Sixteenth Section Interest Fund	Pace Bus Transportation Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ 146,010	\$ 24,551	\$ 891,673
--	--	--	26,078	1,365,417
104,538	--	--	889,119	1,279,089
--	223,378	--	259	223,637
<u>104,538</u>	<u>223,378</u>	<u>146,010</u>	<u>940,007</u>	<u>3,759,816</u>
53,811	--	111,788	222,477	1,738,068
41,872	--	37,951	439,736	1,589,654
--	--	--	265,125	265,670
--	41,355	--	--	41,355
--	--	--	--	49,704
--	--	--	--	11,320
<u>95,683</u>	<u>41,355</u>	<u>149,739</u>	<u>927,338</u>	<u>3,695,771</u>
8,855	182,023	(3,729)	12,669	64,045
--	--	--	2,970	250,273
(8,855)	(165,000)	--	(68,448)	(250,273)
<u>(8,855)</u>	<u>(165,000)</u>	<u>--</u>	<u>(65,478)</u>	<u>--</u>
--	17,023	(3,729)	(52,809)	64,045
--	494,708	4,034	276,969	913,920
--	--	--	122	122
<u>\$ --</u>	<u>\$ 511,731</u>	<u>\$ 305</u>	<u>\$ 224,282</u>	<u>\$ 978,087</u>

**BENOIT SCHOOL DISTRICT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds	\$ 64,045
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	15,548
The depreciation of capital assets used in governmental activities is not reported in the funds.	(39,164)
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	18,003
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	31,701
(Increase) decrease in accrued interest from beginning of period to end of period	320
Change in inventory from beginning to end of period	122
Rounding difference	(1)
Change in net assets of governmental activities - statement of activities	<u>\$ 90,574</u>

The accompanying notes are an integral part of this statement.

**BENOIT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2005**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Assets:	
<i>Cash and other deposits</i>	\$ 87,415
<b>Total Assets</b>	<b>\$ 87,415</b>
<b>LIABILITIES</b>	
Liabilities:	
<i>Accounts Payable &amp; Accrued Liabilities</i>	\$ 84,381
<i>Due to student clubs</i>	3,034
<b>Total Liabilities</b>	<b>\$ 87,415</b>

The accompanying notes are an integral part of this statement.

**Benoit School District**

Notes to the Financial Statements  
June 30, 2005

## Benoit School District

Notes to Financial Statements  
For the Year Ended June 30, 2005

(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 a "primary government." The school district is governed by a five member board which each member was elected by the citizens of each defined county district.

B. Basis of Presentation.

The school district's basic financial statement 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.

## Benoit School District

Notes to Financial Statements  
For the Year Ended June 30, 2005

### *Fund Financial Statements:*

Fund financial statements of the school district 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/expenses. 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. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. 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.

In the fund financial statements, governmental funds and agency 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 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.

Title I - B-3 Reading First FYE 2003 - This is the school district's federally funded program offering reading instruction to eligible students under a school-wide structured project.

EHA, Part B 2000 FY Grant Fund - This fund accounts for the transactions of the special education grants to states program.

## Benoit School District

Notes to Financial Statements  
For the Year Ended June 30, 2005

Twenty First Century Learning Center - The Twenty First Century Learning Center fund is an after school hours program that provides expanded academic enrichment opportunities for children attending low performing schools.

Sixteenth Section Interest Fund - The Sixteenth Section Interest Funds are funds used to account for maintaining and improving sixteenth section lands. Only the earnings, and not the principal, may be used.

Pace Bus Transportation Fund - This is the school district's program used to account for transactions in the maintenance of transportation equipment.

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 major capital projects) that are legally restricted for specific expenditure purposes.

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

### FIDUCIARY FUNDS

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

#### D. Account Classifications.

The account classifications used in the financial statements conform to the classifications prescribed in the *Financial Accounting Manual for Mississippi Public School Districts* issued by the Office of the State Auditor. The classifications in that manual 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.

## **Benoit School District**

### Notes to Financial Statements For the Year Ended June 30, 2005

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

#### **F. Cash and Cash 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 cash equivalents consists 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.

#### **H. Inventories and Prepaid Items.**

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis).

The costs of governmental fund type inventories are reported as expenditures when purchased.

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

#### **I. Capital Assets.**

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

## Benoit School District

### Notes to Financial Statements For the Year Ended June 30, 2005

the government-wide statements and proprietary funds. Depreciation is calculated on the straight-line basis for all assets, except land. The following schedule details those thresholds.

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

(\*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 4 for details.

#### 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. Long-term liabilities should not be reported as liabilities in governmental funds, but should be reported in the governmental activities column in the government-wide statement of net assets. See Note 5 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 statute or budget requires to collect to the fund that statute 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.

## **Benoit School District**

### Notes to Financial Statements For the Year Ended June 30, 2005

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See **Note 3** for details for interfund transactions, including receivables and payables at year-end.

#### 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, constructions 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 classified as 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.

#### M. Property Taxes.

Ad valorem property taxes are levied by the governing authorities of the county on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not

## **Benoit School District**

### Notes to Financial Statements For the Year Ended June 30, 2005

levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

#### **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.

#### **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 only the compensated absence liability payable from expendable available financial resources.

#### **(2) 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 reported in the governmental funds and fiduciary funds was \$890,872 and \$87,415, respectively. The carrying amount of deposits reported in government-wide statements was: Cash and Cash Equivalents \$858,356 and Restricted Assets \$32,516. The Restricted Assets represents the cash balance of the 16<sup>th</sup> section Principal funds (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's program. The bank balance

**Benoit School District**

Notes to Financial Statements  
For the Year Ended June 30, 2005

was \$883,899.34.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of a financial institutions failure, the district's deposits may not be returned to it. The district does not have a deposit policy for custodial credit risk. As of June 30, 2005, none of the district's bank balance of \$883,899.34 was exposed to custodial credit risk.

**Cash With Fiscal Agents.**

There was no carrying amount of the school district's cash with fiscal agents held by financial institutions.

(3) **Interfund Transactions and Balances.**

The following is a summary of interfund transactions and balances:

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

	<u>Due From</u>	<u>Due To</u>
Major funds:		
General fund	\$ 47,888	0
Other major fund(s)		
Title I Reading First	0	5,655
EHA, Part B 2000 FY Grant Fund	0	10,053
21 <sup>st</sup> Century Learning Center	0	7,138
Pace Bus Transportation Fund		16,192
Non-major Funds		<u>8,850</u>
Total Funds	<u>\$ 47,888</u>	<u>\$ 47,888</u>

The purpose of the Due From/To other funds balances was to provide funds for operating purposes. All balances are expected to be repaid within one year from the date of the financial statements.

B. **Transfers In/Out.**

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General Fund	\$ 247,303	2,970
Other major Fund(s)		

## Benoit School District

### Notes to Financial Statements For the Year Ended June 30, 2005

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
Title I Reading First	0	5,000
21 <sup>st</sup> Century Learning Center Fund	0	8,855
Sixteenth Section Interest Fund	0	165,000
Non-major funds	<u>2,970</u>	<u>68,448</u>
Total Funds	<u>\$ 250,273</u>	<u>250,273</u>

The purpose of the transfers was to provide funds for general operating activities. All transfers were routine and consistent with the fund making the transfer.

#### (4) Capital Assets.

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

	<u>Balance 7-1-2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed Construction</u>	<u>Adjustments</u>	<u>Balance 6-30-2005</u>
<u>Non-depreciable capital assets:</u>						
Land	\$ 1,000					1,000
Total non-depreciable capital assets	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>
<u>Depreciable capital assets:</u>						
Buildings	861,578					861,578
Improvements other than buildings	67,180					67,180
Mobile equipment	309,886	15,548				325,434
Furniture and equipment	148,580					148,580
Total depreciable capital assets	<u>1,387,224</u>	<u>15,548</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,402,772</u>
<u>Less accumulated depreciation for:</u>						
Buildings	563,814	9,179				572,993
Improvements other than buildings	12,147	2,687				14,834
Mobile equipment	214,647	18,767				233,414
Furniture and equipment	135,345	8,531				143,876
Total accumulated depreciation	<u>925,953</u>	<u>39,164</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>965,117</u>
Total depreciable capital assets, net	<u>461,271</u>	<u>(23,616)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>437,655</u>
Governmental activities capital assets, net	<u>\$ 462,271</u>	<u>(23,616)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>438,655</u>

Depreciation expense was charged to the following governmental functions:

**Benoit School District**

Notes to Financial Statements  
For the Year Ended June 30, 2005

	<u>Amount</u>
Instruction	\$ 20,397
Support services	18,767
<b>Total depreciation expense</b>	<u><u>\$ 39,164</u></u>

(5) Long-term liabilities.

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

	Balance 7-1-2004	Additions	Reductions	Adjustments	Balance 6-30-2005	Amounts due within one year
A. Obligations under capital leases	191,604	0	18,003	0	173,601	18,748
B. Other loans payable	300,000		31,701	0	268,299	32,097
C. Compensated absences payable	10,038	0		0	10,038	1,003
<b>Total</b>	<u>\$ 501,642</u>	<u>0</u>	<u>49,704</u>	<u>0</u>	<u>451,938</u>	<u>51,848</u>

A. Obligations under capital leases

The school district has entered into a lease agreement that qualifies as a capital lease for accounting purposes. Leased property under this lease is composed of school buses and energy renovations.

The various options available to the lessee for this lease are as follows:

1. Title passes to the lessee at the end of the period after the lease obligation has been fulfilled.

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

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2006	\$ 18,748	6,921	25,669
2007	19,524	6,145	25,669
2008	20,332	5,337	25,669
2009	21,173	4,496	25,669
2010	22,049	3,620	25,669
2011 - 2013	<u>71,775</u>	<u>5,232</u>	<u>77,007</u>

**Benoit School District**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Total                   \$ 173,601                   31,751                   205,352

This debt will be retired from the 1120 fund.

B. Other loans payable.

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

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2006	\$ 32,097	3,354	35,451
2007	32,498	2,953	35,451
2008	32,905	2,546	35,451
2009	33,316	2,135	35,451
2010	33,733	1,718	35,451
2011 - 2013	103,750	2,605	106,355
Total	\$ <u>268,299</u>	<u>15,311</u>	<u>283,610</u>

This debt will be retired from the 1120 fund.

C. 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.

(6) Defined Benefit Pension Plan.

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

**Funding Policy.** PERS members are required to contribute 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

## Benoit School District

### Notes to Financial Statements For the Year Ended June 30, 2005

members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2005, 2004 and 2003 were \$164,424, \$175,417 and \$169,884, respectively, which equaled the required contributions for each year.

#### (7) Sixteenth Section Lands.

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

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2006	\$ 209,438
2007	159,918
2008	159,918
2009	69,635
2010	<u>16,000</u>
Total	<u>\$ 614,909</u>

#### (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 described below, the district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

##### Participation in Public Entity Risk Pool.

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 90 school districts and covers risks of loss arising from injuries to the school district's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each

## **Benoit School District**

### **Notes to Financial Statements For the Year Ended June 30, 2005**

member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Bancorp South Bank in Jackson. The funds in the trust account are used to pay any claim up to \$400,000. For a claim exceeding \$400,000, MSBAWCT has insurance which will pay the excess up to \$25,000,000. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

(9) **Vocation School Consortium.**

The school district entered into a Vocational Educational Agreement dated July 10, 2001, creating the Interlocal Cooperation. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Benoit School District and the West Bolivar School District.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

The West Bolivar School District has been designated as the fiscal agent for the Interlocal Cooperation, and the operations of the consortium are included in its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**BENOIT SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2005

Exhibit 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 753,303	750,324	721,113	(32,190)	(29,211)
State sources	1,512,529	1,339,340	1,339,339	(173,190)	(1)
Federal sources	65,126	31,187	31,187	(33,939)	0
Total Revenues	<u>2,330,958</u>	<u>2,120,851</u>	<u>2,091,639</u>	<u>(239,319)</u>	<u>(29,212)</u>
<b>Expenditures:</b>					
Instruction	1,183,717	1,178,563	1,178,512	(5,205)	51
Support services	966,302	991,202	988,232	21,930	2,970
Facilities acquisition and construction	0	0	0	0	0
Debt service:					
Principal	0	61,024	49,704	49,704	11,320
Interest	0	0	11,320	11,320	(11,320)
Total Expenditures	<u>2,150,019</u>	<u>2,230,789</u>	<u>2,227,768</u>	<u>77,749</u>	<u>3,021</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>180,939</u>	<u>(109,938)</u>	<u>(136,129)</u>	<u>(317,068)</u>	<u>(26,191)</u>
<b>Other Financing Sources (Uses):</b>					
Sale of other property	376	0	0	(376)	0
Operating transfers in	222,371	247,303	247,303	24,932	0
Operating transfers out	(3,000)	0	(2,970)	30	2,970
Total Other Financing Sources (Uses)	<u>219,747</u>	<u>247,303</u>	<u>244,333</u>	<u>24,586</u>	<u>2,970</u>
Net Change in Fund Balances	<u>400,686</u>	<u>137,365</u>	<u>108,204</u>	<u>(292,482)</u>	<u>(29,161)</u>
<b>Fund Balances:</b>					
July 1, 2004	555,895	353,599	133,565	(422,330)	(220,034)
Prior period adjustments	(1,471)	(1,471)	0	1,471	1,471
July 1, 2004, as restated	<u>554,424</u>	<u>352,128</u>	<u>133,565</u>	<u>(422,330)</u>	<u>(218,563)</u>
June 30, 2005	<u>\$ 955,110</u>	<u>489,493</u>	<u>241,769</u>	<u>(714,812)</u>	<u>(247,724)</u>

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

**BENOIT SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Title I B-3 Reading First FYE - 2003  
 For the Year Ended June 30, 2005

Exhibit 2

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal Sources	\$ 200,000	202,583	172,524	(27,476)	(30,059)
Total Revenues	200,000	202,583	172,524	(27,476)	(30,059)
<b>Expenditures:</b>					
Instruction	257,881	171,480	171,480	(86,401)	0
Total Expenditures	257,881	171,480	171,480	(86,401)	0
Excess (Deficiency) of Revenues Over Expenditures	(57,881)	31,103	1,044	58,925	(30,059)
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(5,000)	(5,000)	(5,000)	0	0
Total Other Financing Sources (Uses)	(5,000)	(5,000)	(5,000)	0	0
Net Change in Fund Balances	(62,881)	26,103	(3,956)	58,925	(30,059)
<b>Fund Balances:</b>					
July 1, 2004	(58,925)	30,059	3,956	62,881	(26,103)
July 1, 2004, as restated	(58,925)	30,059	3,956	62,881	(26,103)
June 30, 2005	\$ (121,806)	56,162	-	121,806	(56,162)

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

**BENOIT SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 EHA, Part B 2000 FY Grant Fund  
 For the Year Ended June 30, 2005

Exhibit 3

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ -	-	(1)	(1)	(1)
Federal sources	87,928	84,004	81,721	(6,207)	(2,283)
Total Revenues	87,928	84,004	81,720	(6,207)	(2,283)
<b>Expenditures:</b>					
Support services	89,719	81,863	81,863	(7,856)	-
Noninstructional services	-	545	545	545	-
Total Expenditures	-	82,408	82,408	(7,311)	-
<b>Excess (Deficiency) of Revenues Over Expenditures</b>					
	87,928	1,596	(688)	1,104	(2,283)
<b>Other Financing Sources (Uses):</b>					
Total Other Financing Sources (Uses)	-	-	-	-	-
<b>Net Change in Fund Balances</b>					
	87,928	1,596	(688)	1,104	(2,283)
<b>Fund Balances:</b>					
July 1, 2004	-	1	688	688	687
June 30, 2005	\$ 87,928	1,597	-	1,792	(1,596)

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

**BENOIT SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 21st Century Learning Centers  
 For the Year Ended June 30, 2005

Exhibit 4

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 109,341	104,890	104,538	(4,803)	(352)
Total Revenues	<u>109,341</u>	<u>104,890</u>	<u>104,538</u>	<u>(4,803)</u>	<u>(352)</u>
<b>Expenditures:</b>					
Instruction services	52,111	53,811	53,811	1,700	-
Support services	46,370	41,871	41,872	(4,498)	1
Non-instructional services	2,300	-	-	(2,300)	-
Total Expenditures	<u>100,781</u>	<u>95,682</u>	<u>95,683</u>	<u>(2,300)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,560</u>	<u>9,208</u>	<u>8,855</u>	<u>(2,503)</u>	<u>(352)</u>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers out	(8,855)	(8,855)	(8,855)	-	-
Total Other Financing Sources (Uses)	<u>(8,855)</u>	<u>(8,855)</u>	<u>(8,855)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(295)</u>	<u>353</u>	<u>-</u>	<u>(2,503)</u>	<u>(352)</u>
<b>Fund Balances:</b>					
July 1, 2003	<u>(296)</u>	<u>352</u>	<u>-</u>	<u>296</u>	<u>(352)</u>
June 30, 2004	<u><u>\$ (591)</u></u>	<u><u>705</u></u>	<u><u>-</u></u>	<u><u>(2,207)</u></u>	<u><u>(704)</u></u>

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

**BENOIT SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Sixteenth Section Interest Fund  
 For the Year Ended June 30, 2005

Exhibit 5

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Sixteenth section sources	\$ 187,000	223,377	223,378	36,378	1
Total Revenues	187,000	223,377	223,378	36,378	1
<b>Expenditures:</b>					
Support services	500	-	-	(500)	-
Sixteenth section	42,620	41,355	41,355	(1,265)	-
Total Expenditures	43,120	41,355	41,355	(1,765)	-
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>143,880</b>	<b>182,022</b>	<b>182,023</b>	<b>38,143</b>	<b>1</b>
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	-	(165,000)	(165,000)	(165,000)	-
Total Other Financing Sources (Uses)	-	(165,000)	(165,000)	(165,000)	-
<b>Net Change in Fund Balances</b>	<b>143,880</b>	<b>17,022</b>	<b>17,023</b>	<b>(126,857)</b>	<b>1</b>
<b>Fund Balances:</b>					
July 1, 2004	638,587	511,731	494,708	(143,879)	(17,023)
June 30, 2005	\$ 782,467	528,753	511,731	(270,736)	(17,022)

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

**BENOIT SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Pace Bus Transportation Fund  
 For the Year Ended June 30, 2005

Exhibit 6

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 112,292	146,010	146,010	33,718	-
Total Revenues	<u>112,292</u>	<u>146,010</u>	<u>146,010</u>	<u>33,718</u>	<u>-</u>
<b>Expenditures:</b>					
Instruction	-	111,788	111,788	(111,788)	-
Support services		37,951	37,951	(37,951)	-
Total Expenditures	<u>-</u>	<u>149,739</u>	<u>149,739</u>	<u>(149,739)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>112,292</u>	<u>(3,729)</u>	<u>(3,729)</u>	<u>116,021</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	10,000	-	-	(10,000)	-
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>122,292</u>	<u>(3,729)</u>	<u>(3,729)</u>	<u>126,021</u>	<u>-</u>
<b>Fund Balances:</b>					
July 1, 2004	9,334	305	4,034	(5,300)	3,729
June 30, 2005	<u>\$ 131,626</u>	<u>(3,424)</u>	<u>305</u>	<u>120,721</u>	<u>3,729</u>

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

## **Benoit 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 statute, 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 fund consistent with accounting principles generally accepted in the United States of America.

SUPPLEMENTAL INFORMATION

**Benoit School District**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2005

**Schedule 1**

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<b>U. S. DEPARTMENT OF AGRICULTURE/</b>		
Passed-through the Mississippi Department of Education:		
Non-cash assistance:		
Food Donation	10.550	\$10,357
Child Nutrition Cluster:		
School Breakfast Program	10.553	67,682
National School Lunch Program	10.555	134,127
Total Child Nutrition cluster		<u>201,809</u>
Total passed-through the MDE		<u>212,166</u>
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>		<u>212,166</u>
<b>U. S. DEPARTMENT OF EDUCATION/</b>		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	537,359
Safe and Drug-Free Schools and Communities - State Grants	84.186	113,996
Twenty-first century community learning centers	84.287	39,040
Innovative education program strategies	84.298	2,874
Teacher quality enhancement grants	84.336	217,763
Reading first - state grants	84.357	60,843
Special Education Cluster:		
Special Education - Grants to States	84.027	88,675
Special Education - Preschool Grants	84.173	2,306
Total Special Education Cluster		<u>90,981</u>
Total passed-through the MDE		<u>1,062,856</u>
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>		<u>1,062,856</u>
<b>TOTAL FOR ALL FEDERAL AWARDS</b>		<u>\$1,275,022</u>

Notes to Schedule

1. This schedule was prepared using the same basis of accounting and 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

Benoit School District  
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
 For the Year Ended June 30, 2005

Expenditures	Total	Instruction	Administrative	Other
Salaries and fringe benefits	\$ 2,451,436	1,385,655	454,442	611,339
Other	1,244,335	352,413	189,094	702,829
Total	\$ 3,695,771	1,738,068	643,536	1,314,168
Total number of students *	312			
Cost per student	\$ 11,845	5,571	2,063	4,212

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 functional codes)

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

Other - includes all expenditure functions not included in Instruction or Administrative  
 \* includes the number of students reported on the ADA report submission for month 9, which is the final submission for the fiscal year includes 100 and 200 range object codes on the "Salaries and fringe benefits" line; all other expenditures on the "Other" line

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

J.E. FORTENBERRY, III, PC  
Certified Public Accountant

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

October 4, 2005  
Superintendent and School Board  
Benoit School District

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Benoit School District as of and for the year ended June 30, 2005, and have issued our report thereon dated October 4, 2005. I conducted my 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.

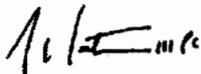
Internal Control Over Financial Reporting

In planning and performing our audit, I 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. My 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. I 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 the school district's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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, I do not express such an opinion. The results of our tests did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the school board and 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.



J.E. Fortenberry, III, PC  
Certified Public Accountant

J.E. FORTENBERRY, III, PC  
Certified Public Accountant

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

October 4, 2005  
Superintendent and School Board  
Benoit School District

Compliance

I have audited the compliance of the Benoit 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. The school district's major federal programs are identified in the summary of auditor's results section of the 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 school district's management. My responsibility is to express an opinion on the school district's compliance based on our audit.

I conducted my 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. I believe that my audit provides a reasonable basis for our opinion. My audit does not provide a legal determination on the school district's compliance with those requirements.

In my opinion, Benoit 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 Benoit 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 my audit, I 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.

My 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 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. I 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 and 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.



J.E. Fortenberry, III, PC  
Certified Public Accountant

**J.E. FORTENBERRY, III, PC**  
Certified Public Accountant

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

October 4, 2005  
Superintendent and School Board  
Benoit School District

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Benoit School District as of and for the year ended June 30, 2005, which collectively comprise Benoit School District's basic financial statements and have issued my report thereon dated October 4, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Section 37-9-18(3), 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, I 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 my audit and, accordingly, I 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 \$11,973.29 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 did not disclose any instances of noncompliance with other state laws and regulations.

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



J.E. Fortenberry, III, PC  
Certified Public Accountant

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**BENOIT SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2005**

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

**Financial Statements:**

- |    |  |             |
|----|--|-------------|
| 1. | Type of auditor's 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 condition(s) identified that are not considered to be material weaknesses? | No          |

**Federal Awards:**

- |     |   |             |
|-----|---|-------------|
| 4.  | Type of auditor's report issued on compliance for major federal programs:   | Unqualified |
| 5.  | Internal control over major programs:   |             |
|     | a. Material weakness(es) identified?  | No          |
|     | b. Reportable condition(s) identified that are not considered to be material weaknesses?  | No          |
| 6.  | Any audit finding(s) reported as required by Section ____ .510(a) of Circular A-133?  | No          |
| 7.  | Federal programs identified as major programs:  |             |
|     | a. Cluster: Child Nutrition   |             |
|     | CFDA # 10.553   |             |
|     | CFDA # 10.555   |             |
|     | b. Title I - grants to local educational agencies   |             |
|     | CFDA # 84.010   |             |
| 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          |

**BENOIT SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2005

Section 2: Financial Statement Findings

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

Section 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.