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West Bolivar School District

**Audited Financial Statements
June 30, 2005**

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

FINANCIAL AUDIT REPORT

**West Bolivar School District
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INDEPENDENT AUDITOR'S REPORT
ON THE BASIC FINANCIAL STATEMENTS ACCOMPANIED
BY REQUIRED SUPPLEMENTARY INFORMATION
AND SUPPLEMENTARY 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**

November 14, 2005
Superintendent and School Board
West Bolivar School District

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the West Bolivar School District as of and for the year ended June 30, 2005, which collectively comprise the West Bolivar School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the West Bolivar 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the West Bolivar School District, as of 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 November 14, 2005 on my consideration of the West Bolivar 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 our 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 (15) and the Budgetary Comparison Schedule and corresponding notes on pages (44) through (50) 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 West Bolivar 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, P.C.
Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The discussion and analysis of West Bolivar 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 \$286,348, which represents a 22% increase from fiscal year 2004.
- General revenues account for \$6,421,694, or 70% of all revenues. This amount was more than the general revenues for the year 2004, which consisted of \$5,975,970, or 67% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,727,161 or 30 % of total revenues compared to \$2,958,285 in 2004.
- The district had \$8,862,507 in expenses, amount that increased when compared with the \$8,665,574 in expenses for the prior year; only \$2,727,161 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of \$6,421,694 were adequate to provide for these programs.
- Among major funds, the General Fund had \$6,068,273 in revenues and \$5,715,553 in expenditures. In 2004 the General Fund had \$5,795,370 in revenues and \$5,380,728 in expenditures. The General Fund's fund balance decreased by \$202,999.
- Capital assets, net of accumulated depreciation, increased by \$227,224 due to renovations, purchasing of a van, computer equipment, and two new buses.
- Long-term debt decreased by \$186,529.

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 17 and 18 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 22 and 26, 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 page 20 and 24 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 27.

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 29-43 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 44-50 of this report.

Additionally, a new schedule of instructional, administrative, and other expenditures-governmental funds have been included following schedule of expenditures of federal awards, required by OMB Cir. A-133. These schedules can be found on pages 52 and 53 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 \$1,675,562 as of June 30, 2005.

(7.75%) of the District's Net Assets reflects its investment in capital assets (e.g., buildings,

building improvements, improvements other than buildings, mobile equipment, furniture and equipment, and leased property under capital leases, 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>
Current assets	\$ 1,750,637	\$ 1,741,421
Capital assets, net	<u>2,315,514</u>	<u>2,088,289</u>
Total assets	<u>4,066,151</u>	<u>3,829,710</u>
Current liabilities	165,655	278,526
Long-term debt outstanding	<u>2,224,934</u>	<u>2,224,545</u>
Total liabilities	<u>2,390,589</u>	<u>2,503,071</u>
Net assets:		
Invested in capital assets, net of related debt	129,848	(236,226)
Restricted	579,765	609,508
Unrestricted	<u>965,949</u>	<u>953,357</u>
Total net assets	<u>\$ 1,675,562</u>	<u>\$ 1,326,639</u>

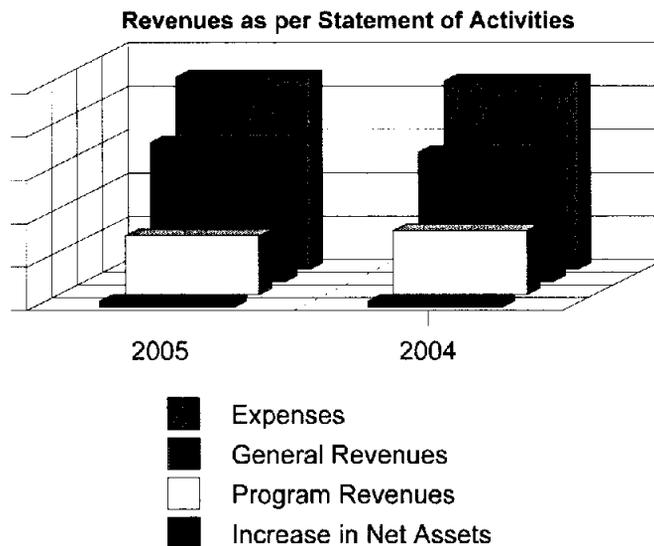
The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- The principal payments of \$182,599 of long-term debt.
- The addition of \$395,260 in capital assets, including the adjustment made to Building.

Changes in net assets. The District's total revenues for the fiscal year ended June 20, 2005 were \$9,148,855. The total cost of all programs and services was \$8,862,507. 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>
Revenues:		
Program revenues	\$ 2,727,161	\$ 2,958,285
General revenues	<u>6,421,694</u>	<u>5,975,368</u>
Total revenues	<u>9,148,855</u>	<u>8,933,653</u>
Expenses:		
Instruction	4,583,568	4,176,539
Support services	3,317,109	3,344,214
Non-instructional	904,484	988,550
Sixteenth section	25,501	22,864

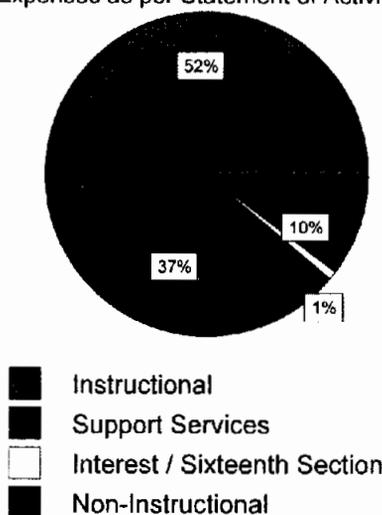
Interest on long-term liabilities	<u>31,845</u>	<u>133,407</u>
Total expenses	<u>8,862,507</u>	<u>8,665,574</u>
Increase in net assets	<u>\$ 286,348</u>	<u>\$ 268,079</u>



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.

	2005	2004	2005
	<u>Expenses</u>	<u>Expenses</u>	<u>Net (Expense) Revenue</u>
Instruction	\$ 4,583,568	\$ 4,176,539	\$ (4,189,459)
Support services	3,317,109	3,344,214	(1,818,896)
Non-instructional	904,484	988,550	(69,645)
Sixteenth section	25,501	22,864	(25,501)
Interest on long-term liabilities	<u>31,845</u>	<u>133,407</u>	<u>(31,845)</u>
Total expenses	<u>\$ 8,862,507</u>	<u>\$ 8,665,574</u>	<u>\$ (6,135,346)</u>

Expenses as per Statement of Activities



- Net cost of governmental activities (\$6,135,346), was financed by general revenue, which is made up of state grants (\$4,932,113).
- Investment earnings accounted for \$6,156 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 \$1,627,598, a decrease of \$68,066.

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 \$202,999. The increase in fund balance in the School Food Service Fund for the fiscal year was \$27,380. The increase in fund balance in the Summer Food Service Fund was \$4,592. The fund balance of the Sixteenth Section Interest Funds for the fiscal year was \$839,995, due to no monies being transferred to District Maintenance to cover FY 05 expenditures. The fund balance of Other Governmental Funds showed a decrease of \$66,564. The District also showed an increase in the fund balance of the Title I A Basic FYE 2003 Fund.

BUDGETARY HIGHLIGHTS

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

General fund:

Budgeted amounts for revenue from local sources was increased due to the awarding of grants from local organizations and agencies. Budgeted amounts for the expenditures were increased due to spending monies from grants received from local organization and agencies.

School Food Service Fund:

Actual revenues were more than budgeted because revenues were underestimated. Actual expenditures were less than budgeted amounts because some anticipated expenditures cost less than what was budgeted.

Summer Food Service Fund

It was not originally budgeted due to the summer feeding program being approved after the original budget. Actual revenues were more than budgeted because revenues received from local sources were not anticipated.

Title I

Actual revenues were less than budgeted because the original allocation for FY 05 was budgeted. Funds were requested as needed. Actual expenditures were less than budgeted due to FY05 allocation and the balance of the FY04 were budgeted.

Sixteenth Section Interest Funds

Actual revenues were less than budgeted because there was an increase in the pro rata share.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund, and other 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 \$4,453,460, including school buildings, improvements other than buildings, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$261,682 from the previous year. One major component of this increase was new roof for the elementary school. Total accumulated depreciation as of June 30, 2005 was \$2,137,946 and total depreciation expense for the year was \$153,309, resulting in total net assets of \$2,315,514.

Additional information of the District's capital assets can be found in Note 4 on page 38 of this report.

Debt Administration. At June 30, 2005, the District had \$2,224,934 in general obligation bonds outstanding and in other long-term debt outstanding, of which \$133,831 is due within one year.

The District maintains an A+ bond rating with Standard and Poor's. Additional information of the District's long-term debt can be found in Note 5 on page 38 of this

report.

CURRENT ISSUES AND OTHER INFORMATION

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the West Bolivar School District, P. O. Box 189, Rosedale, MS 38769 .

FINANCIAL STATEMENTS

WEST BOLIVAR SCHOOL DISTRICT**STATEMENT OF NET ASSETS**

JUNE 30, 2005

	<u>Governmental Activities</u>
Assets:	
<i>Cash and cash equivalents</i>	\$ 1,438,668
<i>Investments</i>	66,309
<i>Due from other governments</i>	220,324
<i>Inventories and prepaid items</i>	11,332
<i>Restricted assets</i>	14,004
<i>Capital assets, net</i>	2,315,514
Total Assets	<u>4,066,151</u>
Liabilities:	
<i>Accounts payable and accrued liabilities</i>	70,413
<i>Due to other governments</i>	6,498
<i>Deferred revenue</i>	46,128
<i>Interest payable on long-term liabilities</i>	42,616
Long-term liabilities (due within one year):	
<i>Capital related liabilities</i>	129,904
<i>Non-capital related liabilities</i>	3,927
Long-term liabilities (due beyond one year)	
<i>Capital related liabilities</i>	2,055,762
<i>Non-capital related liabilities</i>	35,341
Total Liabilities	<u>2,390,589</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	129,848
Restricted For:	
School based activities	366,658
Debt service	176,712
Forestry improvements	256
Unemployment benefits	22,198
Sixteenth section	
Expendable	87
Nonexpendable	13,854
Unrestricted	965,949
Total Net Assets	<u>\$ 1,675,562</u>

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental Activities:					
<i>Instruction</i>	\$ 4,583,568	\$ 72,328	\$ 321,781	\$ --	\$ (4,189,459)
<i>Support services</i>	3,317,109	--	1,498,213	--	(1,818,896)
<i>Noninstructional services</i>	904,484	40,247	644,592	150,000	(69,645)
<i>Sixteenth section</i>	25,501	--	--	--	(25,501)
<i>Interest on long-term liabilities</i>	31,845	--	--	--	(31,845)
Total Primary Government	\$ 8,862,507	\$ 112,575	\$ 2,464,586	\$ 150,000	(6,135,346)
General Revenues:					
Taxes:					
<i>General purpose levies</i>					915,736
Unrestricted grants and contributions:					
<i>State</i>					4,932,113
<i>Federal</i>					26,894
<i>Unrestricted investment earnings</i>					6,156
<i>Sixteenth section sources</i>					193,925
<i>Other</i>					346,870
Total general revenues					6,421,694
Change in Net Assets					286,348
Net Assets - Beginning					1,326,639
Prior Period Adjustment					62,575
Net Assets - Restated					1,389,214
Net Assets - Ending					\$ 1,675,562

The accompanying notes are an integral part of this statement.

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WEST BOLIVAR SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2005

	General Fund	School Food Service Fund	Summer Food Service
ASSETS			
<i>Cash and cash equivalents</i>	\$ 179,275	\$ 246,111	\$ 92
<i>Investments</i>	--	--	--
<i>Due from other governments</i>	64,962	584	30,601
<i>Due from other funds</i>	7	26,101	--
<i>Inventories and prepaid items</i>	--	10,099	1,233
Total Assets	\$ 244,244	\$ 282,895	\$ 31,926
LIABILITIES AND FUND BALANCES			
Liabilities:			
<i>Accounts payable and accrued liabilities</i>	\$ 36,579	\$ 6,420	\$ --
<i>Due to other funds</i>	7,498	--	26,101
<i>Deferred revenue</i>	--	--	--
Total Liabilities	44,077	6,420	26,101
Fund balances:			
Reserved for:			
<i>Inventory</i>	--	10,099	1,233
Unreserved, undesignated, reported in:			
<i>General fund</i>	200,167	--	--
<i>Special Revenue funds</i>	--	266,376	4,592
<i>Debt service funds</i>	--	--	--
<i>Permanent funds</i>	--	--	--
Total Fund Balances	200,167	276,475	5,825
Total Liabilities and Fund Balances	\$ 244,244	\$ 282,895	\$ 31,926

The accompanying notes are an integral part of this statement.

Title I A Basic FYE 2003	Sixteenth Section Interest Funds	Other Governmental Funds	Total Governmental Funds
\$ 47,556	\$ 832,592	\$ 147,046	\$ 1,452,672
--	--	66,309	66,309
--	7,403	116,767	220,317
--	--	1,000	27,108
--	--	--	11,332
<u>\$ 47,556</u>	<u>\$ 839,995</u>	<u>\$ 331,122</u>	<u>\$ 1,777,738</u>
\$ 7,134	\$ --	\$ 20,280	\$ 70,413
--	--	--	33,599
39,234	--	6,894	46,128
<u>46,368</u>	<u>--</u>	<u>27,174</u>	<u>150,140</u>
--	--	--	11,332
--	--	--	200,167
1,188	839,995	115,723	1,227,874
--	--	174,284	174,284
--	--	13,941	13,941
1,188	839,995	303,948	1,627,598
<u>\$ 47,556</u>	<u>\$ 839,995</u>	<u>\$ 331,122</u>	<u>\$ 1,777,738</u>

WEST BOLIVAR 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	\$ 1,627,598
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.	2,315,514
Long Term liabilities due in a year are not reported in the funds	(133,831)
Payables for bond principal which are not due in the current period are not reported in the funds.	(2,025,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(42,616)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(35,341)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	<u>(30,762)</u>
Net assets of governmental activities - statement of net assets	<u>\$ 1,675,562</u>

The accompanying notes are an integral part of this statement.

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

	General Fund	School Food Service Fund	Summer Food Service
Revenue:			
<i>Local sources</i>	\$ 1,255,931	\$ 46,930	\$ 1,325
<i>State sources</i>	4,785,448	3,122	--
<i>Federal sources</i>	26,894	612,102	29,368
<i>Sixteenth section sources</i>	--	--	--
Total revenues	<u>6,068,273</u>	<u>662,154</u>	<u>30,693</u>
Expenditures:			
Instruction	3,487,684	--	--
Support services	2,135,494	91,324	--
Noninstructional services	15,448	478,665	26,101
Sixteenth section	--	--	--
Facilities acquisition and construction	66,672	64,785	--
Debt service:			
<i>Principal</i>	10,255	--	--
<i>Interest</i>	--	--	--
Total expenditures	<u>5,715,553</u>	<u>634,774</u>	<u>26,101</u>
Excess (deficiency) of revenues (over) expenditures	352,720	27,380	4,592
Other financing sources (uses):			
<i>Insurance loss recoveries</i>	5,078	--	--
Operating transfers in	589,059	--	--
Operating transfers out	(1,147,912)	--	--
Other financing uses	(1,944)	--	--
Total other financing sources (uses)	<u>(555,719)</u>	<u>--</u>	<u>--</u>
Net change in fund balance	(202,999)	27,380	4,592
Fund Balances:			
July 1, 2004	403,166	249,521	--
Increase (decrease) in reserve for inventory	--	(426)	1,233
June 30, 2005	<u>\$ 200,167</u>	<u>\$ 276,475</u>	<u>\$ 5,825</u>

The accompanying notes are an integral part of this statement.

Title I A Basic FYE 2003	Sixteenth Section Interest Funds	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ 70,839	\$ 1,375,025
--	--	648,051	5,436,621
726,981	--	741,627	2,136,972
--	193,775	150	193,925
<u>726,981</u>	<u>193,775</u>	<u>1,460,667</u>	<u>9,142,543</u>
269,751	--	927,994	4,685,429
420,631	--	749,252	3,396,701
32,411	--	--	552,625
--	25,438	63	25,501
--	--	201,228	332,685
--	--	172,344	182,599
--	--	37,611	37,611
<u>722,793</u>	<u>25,438</u>	<u>2,088,492</u>	<u>9,213,151</u>
4,188	168,337	(627,825)	(70,608)
--	--	--	5,078
--	--	568,897	1,157,956
(3,000)	--	(7,044)	(1,157,956)
--	--	(592)	(2,536)
<u>(3,000)</u>	<u>--</u>	<u>561,261</u>	<u>2,542</u>
1,188	168,337	(66,564)	(68,066)
--	671,658	370,512	1,694,857
--	--	--	807
<u>\$ 1,188</u>	<u>\$ 839,995</u>	<u>\$ 303,948</u>	<u>\$ 1,627,598</u>

WEST BOLIVAR 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	\$ (68,066)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	332,685
The depreciation of capital assets used in governmental activities is not reported in the funds.	(153,309)
The gain or loss on the sale of capital assets is not reported in the funds.	(14,727)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	105,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	8,917
Repayment of debt principal is an expenditure in the funds but is not an expense in the SOA.	72,612
Increase in Inventory is an adjustment to Fund Balance in the funds, not in SOA	807
(Increase) decrease in accrued interest from beginning of period to end of period	2,428
Rounding difference	1
Change in net assets of governmental activities - statement of activities	<u>\$ 286,348</u>

The accompanying notes are an integral part of this statement.

WEST BOLIVAR SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	<u>Agency Funds</u>
ASSETS	
Assets:	
<i>Cash and other deposits</i>	\$ 286,064
<i>Due from other funds</i>	6,498
Total Assets	\$ 292,562
LIABILITIES	
Liabilities:	
<i>Accounts payable & Accrued Liabilities</i>	\$ 277,299
<i>Due to student clubs</i>	4,911
<i>Due to other funds</i>	7
<i>Other payables</i>	10,345
Total Liabilities	\$ 292,562

The accompanying notes are an integral part of this statement.

West Bolivar School District

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

West Bolivar School District

Notes to the 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 where each member was elected by the citizens of each defined county 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 reporting government as a whole. They include all the funds of the reporting entity except for the fiduciary funds, if applicable. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Assets presents the financial condition of the governmental activities of the school district at year-end. The Government-Wide Statements 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.

West Bolivar School District

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. 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 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 - The General Fund is the school district's primary operating fund. It is used to account 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 food distribution, the school breakfast program, and the national school lunch program.

Summer Food Service Fund - This fund accounts for the resources available for local sponsors who want to combine a feeding program with a summer activity program. During the school year, nutritious meals are available through the National School Lunch and School Breakfast

West Bolivar School District

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

Programs. But those programs end when school ends for the summer. The U.S. Department of Agriculture's Summer Food Service Program helps fill the hunger gap.

Title I A Basic FYE 2003 Fund - This is the school district's federally funded program offering remedial mathematics, language arts, and reading instruction to eligible students under a school-wide structure project.

Sixteenth Section Interest Funds - This fund is used to account for maintaining and improving sixteenth section lands. Only the earnings, and not the principal, may be used.

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.

Capital Project 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.

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 result 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

West Bolivar School District

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

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.

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts. Accordingly, no encumbrances were outstanding at year-end.

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 consist of amounts on deposit in demand account and certificates of deposit with maturities of twelve months or less. Cash and cash equivalents are valued at cost.

G. Investments.

The school district is allowed, by statute, to invest excess fund, as permitted by Section 29-3-113 Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the type described in Sections 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 of greater than twelve months when acquired.

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 cost 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.

West Bolivar School District

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

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 assets accounts) and estimated useful lives of capital assets are reported in the government-wide statements and proprietary funds. Depreciation is calculated on the straight-line basis for all assets, except land. The following scale 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 buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Leased property under capital leases	*	*

(*) The threshold amounts 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 of 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 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.

West Bolivar School District

Notes to the 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:

- a. 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.
- b. 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.
- c. 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 all 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 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

West Bolivar School District

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

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 policy of the school district. Some employees are allowed personal and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required to do so 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.

The collateral for public entities' deposits in financial institutions is now 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 \$1,452,672 and \$286,064, respectively. The carrying amount of deposits reported in government-wide statements was: Cash and Cash Equivalents \$1,438,668 and Restricted Assets \$14,004. The Restricted Assets represents the cash balance of the 16th section Principal funds (Permanent Funds) which is legally restricted and may not be used for purposes that support the district's program. The bank balance was \$2,238,380.97.

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.

West Bolivar School District

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

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 \$2,238,380.97 was exposed to custodial credit risk.

Investments.

As of June 30, 2005, the district had the following investments in the Hancock Bank's Trust Department investment pool.

Investment Type	Maturities (in years)	Fair Value	Rating
Treasury Securities Money Market Funds	N/A	\$ 66,309	A
Total Investments		<u>\$ 66,309</u>	

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 investments choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of a financial institutions failure, the district will not be able to recover the value of its investments. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2005, \$66,309 of the district's bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	0
Uninsured and collateral held by pledging bank's trust department not in the district's name	<u>66,309</u>
Total	<u>\$ 66,309</u>

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent 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 the following investments:

Issuer	Fair Value	% of Total Investments
--------	------------	------------------------

West Bolivar School District

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

Hancock Horizon Treasury Sec. Money Market CI A	<u>66,309</u>	100%
	\$ <u>66,309</u>	

(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	\$ 7	7,498
Other major funds		
School Food Service Fund	26,101	0
Summer Food Service	0	26,101
Agency Funds	6,498	7
Non-major Funds	<u>1,000</u>	<u>0</u>
Total Funds	<u>\$ 33,606</u>	<u>33,606</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>Transfer In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$ 589,059	1,147,912
Other Major funds		
Title I A Basic FYE 2003	0	3,000
Non-major Funds	<u>568,897</u>	<u>7,044</u>
Total Funds	<u>\$ 1,157,956</u>	<u>1,157,956</u>

West Bolivar School District

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

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:

	Balance 7-1-2004	Additions	Retirements	Adjustments	Balance 6-30-2005
<u>Depreciable capital assets:</u>					
Buildings	\$ 2,920,808			62,575	2,983,383
Building Improvements	43,485	204,028			247,513
Improvements other than bldgs.	64,529				64,529
Mobile equipment	636,140	113,199	77,000		672,339
Furniture and equipment	495,770	15,458	49,491		461,737
Leased property under capital leases	31,046		7,087		23,959
Total depreciable capital assets	<u>4,191,778</u>	<u>332,685</u>	<u>133,578</u>	<u>62,575</u>	<u>4,453,460</u>
<u>Less accumulated depreciation for:</u>					
Buildings	1,331,939	40,625			1,372,564
Building Improvements	1,739	9,901			11,640
Improvements other than bldgs.	51,627	0			51,627
Mobile equipment	389,248	49,429	69,300		369,377
Furniture and equipment	324,041	49,965	48,046		325,960
Leased property under capital leases	4,894	3,389	1,505		6,778
Total accumulated depreciation	<u>2,103,488</u>	<u>153,309</u>	<u>118,851</u>	<u>0</u>	<u>2,137,946</u>
Total depreciable capital assets, net	<u>2,088,290</u>	<u>179,376</u>	<u>14,727</u>	<u>62,575</u>	<u>2,315,514</u>
Governmental activities capital assets, net	<u>\$ 2,088,290</u>	<u>179,376</u>	<u>14,727</u>	<u>62,575</u>	<u>2,315,514</u>

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$107,316
Support services	30,662
Non-instructional	<u>15,331</u>
Total depreciation expense	<u>\$153,309</u>

The adjustment in the amount of \$62,575 to Buildings is the difference recorded by the school district in previous years and the amount that the State Auditor's Office suggested the school district to record such asset in the fiscal year ended June 30, 2003.

(5) Long-term Liabilities.

West Bolivar School District

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

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. Limited obligation bonds payable	\$ 2,240,000		105,000		2,135,000	110,000
B. Judgements payable	43,750		43,750		0	0
C. Obligations under capital leases	18,566		8,917		9,649	9,649
D. Other loans payable	65,949		24,932		41,017	10,255
E. Compensated absences payable	43,198		3,930		39,268	3,927
Total	\$ <u>2,411,463</u>	<u>0</u>	<u>186,529</u>	<u>0</u>	<u>2,224,934</u>	<u>133,831</u>

A. Limited Obligation Bonds Payable.

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

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
1998 State aid capital improvement bonds	var.	04/1/98	02/1/18	\$2,595,000	\$2,135,000

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

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2006	\$110,000	\$99,055	\$209,955
2007	115,000	93,775	208,775
2008	120,000	88,605	208,605
2009	130,000	83,040	213,040
2010	135,000	77,010	212,010
2011-2015	770,000	280,835	1,050,835
2016-2018	<u>755,000</u>	<u>71,295</u>	<u>826,295</u>
Total	\$2,135,000	\$793,615	\$2,928,615

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

West Bolivar School District

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

B. Judgements Payable.

This debt was paid out during the fiscal year.

C. 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 a John Deere mower.

The option available to the lessee for this lease is as follows:

Bargain purchase price at the end of lease.

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$9,649	\$790	\$10,438
Total	\$9,649	\$790	\$10,438

This debt will be retired from the district maintenance fund.

E. Other Loans Payable

The school district has issued other debt instruments.

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Federal grant writer payment contract	0.00	10-18-01	03-18-05	\$ 88,063	41,017
US EPA asbestos loan	0.00	04-19-91	05-30-11	184,586	0
Total				<u>\$ 272,649</u>	<u>41,017</u>

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Total</u>
2006	\$10,255	10,255
2007	10,255	10,255
2008	10,255	10,255

West Bolivar School District

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

2009	<u>10,252</u>	<u>10,252</u>
Total	\$41,017	\$41,017

This debt will be retired from the District Maintenance Fund.

F. Compensated Absences.

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 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 \$460,255, \$439,466, and \$410,226, 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.

West Bolivar School District

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

<u>Year Ending June 30</u>	<u>Amount</u>
2006	\$ 152,603
2007	121,980
2008	91,594
2009	30,744
2010	30,232
2011 - 2015	66,131
2016 - 2020	49,416
2021-2025	44,157
2026 - 2030	27,031
2031 - thereafter	<u>51,895</u>
Total	<u>\$ 665,783</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 ninety school districts and covers risks of loss arising from injuries to the school district's employees. The Mississippi Workman's Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Bancorp South Bank in Jackson, Mississippi. 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) Prior Period Adjustments/Exhibits.

West Bolivar School District

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

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation(s)</u>	<u>Amount</u>
1. An adjustment to the basis of Buildings in the District's capital assets (see note 4).	\$ 62,575
Total	\$ <u>62,575</u>

REQUIRED SUPPLEMENTARY INFORMATION

WEST BOLIVAR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2005

Exhibit I

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 1,054,292	1,322,559	1,255,931	268,267	(66,628)
State sources	4,756,619	4,825,643	4,785,448	69,024	(40,195)
Federal sources	45,500	45,500	26,894	0	(18,606)
Total Revenues	5,856,411	6,193,702	6,068,273	337,291	(125,429)
Expenditures:					
Instruction	3,405,669	3,633,729	3,487,684	(228,060)	146,045
Support services	2,132,364	2,352,052	2,135,494	(219,688)	216,558
Noninstructional services	16,863	17,313	15,448	(450)	1,865
Facilities acquisition and construction	0	66,672	66,672	(66,672)	0
Debt Service					
Principal	20,699	20,699	10,255	0	10,444
Interest	0	0	0	0	0
Total Expenditures	5,575,595	6,090,465	5,715,553	514,870	374,912
Excess (Deficiency) of Revenues Over Expenditures	280,816	103,237	352,720	(177,579)	249,483
Other Financing Sources (Uses):					
Insurance Loss Recoveries	0	5,078	5,078	5,078	0
Operating Transfers In	832,921	832,921	589,059	0	(243,862)
Operating Transfers Out	(1,103,937)	(1,153,937)	(1,147,912)	(50,000)	6,025
Other Financing Uses	0	(1,944)	(1,944)	(1,944)	0
Total Other Financing Sources (Uses)	(271,016)	(317,882)	(555,719)	(46,866)	(237,837)
Net Change in Fund Balances	9,800	(214,645)	(202,999)	(224,445)	(11,646)
Fund Balances:					
July 1, 2004	9,800	188,522	403,166	178,722	214,644
Prior period adjustments (Note)	0	0			0
July 1, 2004, as restated	9,800	188,522	403,166	178,722	214,644
June 30, 2005	\$ 19,600	(26,123)	200,167	(45,723)	226,290

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

WEST BOLIVAR SCHOOL DISTRICT

Exhibit 2

Budgetary Comparison Schedule
 School Food Service Fund
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 38,800	50,039	46,930	11,239	(3,109)
State sources	3,500	3,500	3,122	0	(378)
Federal sources	458,000	582,880	612,102	124,880	29,222
Total Revenues	500,300	636,419	662,154	136,119	25,735
Expenditures:					
Support services	91,249	92,976	91,324	(1,727)	1,652
Noninstructional services	517,403	513,427	478,665	3,976	34,762
Facilities acquisition and construction	0	64,785	64,785	(64,785)	0
Debt Service					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Total Expenditures	608,652	671,188	634,774	(62,536)	36,414
Excess (Deficiency) of Revenues Over Expenditures	(108,352)	(34,769)	27,380	(73,583)	62,149
Other Financing Sources (Uses):					
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	(10,000)	(10,000)	0	0	10,000
Total Other Financing Sources (Uses)	(10,000)	(10,000)	0	0	10,000
Net Change in Fund Balances	(118,352)	(44,769)	27,380	(73,583)	72,149
Fund Balances:					
July 1, 2004	(118,353)	204,752	249,521	323,105	44,769
Prior period adjustments (Note)	0	0	0		
July 1, 2004, as restated	(118,353)	204,752	249,521	323,105	44,769
Increase (Decrease) in reserve for inventory	0	0	(426)	0	(426)
June 30, 2005	\$ (236,705)	159,983	276,475	396,688	116,492

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

WEST BOLIVAR SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Summer Food Service 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
Revenues:					
Local sources	\$ 0	0	1,325	0	1,325
Federal sources	0	29,368	29,368	29,368	0
Total Revenues	0	29,368	30,693	29,368	1,325
Expenditures:					
Instruction	0	0	0	0	0
Support services	0	0	0	0	0
Noninstructional services	0	26,101	26,101	(26,101)	0
Debt Service				0	0
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Total Expenditures	0	26,101	26,101	(26,101)	0
Excess (Deficiency) of Revenues Over Expenditures					
	0	3,267	4,592	(3,267)	1,325
Other Financing Sources (Uses):					
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances					
	0	3,267	4,592	(3,267)	1,325
Fund Balances:					
July 1, 2004	0	5,206	0	5,206	(5,206)
Prior period adjustments (Note)	0	0			
July 1, 2004, as restated	0	5,206	0	5,206	(5,206)
Increase (Decrease) in reserve for inventory					
	0	0	1,233	0	1,233
June 30, 2005					
	\$ 0	8,473	5,825	8,473	(2,648)

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

WEST BOLIVAR SCHOOL DISTRICT

Exhibit 4

Budgetary Comparison Schedule

Title 1 - A Basic FYE 2003

For the Year Ended June 30, 2005

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	861,582	1,043,697	726,981	182,115	(316,716)
Total Revenues	861,582	1,043,697	726,981	182,115	(316,716)
Expenditures:					
Instruction	276,760	412,238	269,751	(135,478)	142,487
Support services	524,532	582,462	420,631	(57,930)	161,831
Noninstructional services	57,290	46,000	32,411	11,290	13,589
Debt Service					0
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Total Expenditures	858,582	1,040,700	722,793	(182,118)	317,907
Excess (Deficiency) of Revenues Over Expenditures					
	3,000	2,997	4,188	(3)	1,191
Other Financing Sources (Uses):					
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	(3,000)	(3,000)	(3,000)	0	0
Total Other Financing Sources (Uses)	(3,000)	(3,000)	(3,000)	0	0
Net Change in Fund Balances					
	0	(3)	1,188	(3)	1,191
Fund Balances:					
July 1, 2004	0	(3)	0	(3)	3
Prior period adjustments (Note)	0	0			
July 1, 2004, as restated	0	(3)	0	(3)	3
Increase (Decrease) in reserve for inventory					
	0	0	0	0	0
June 30, 2005					
	\$ 0	(6)	1,188	(6)	1,194

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

WEST BOLIVAR 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
Revenues:					
Federal sources	\$ 185,200	196,992	193,775	11,792	(3,217)
Total Revenues	185,200	196,992	193,775	11,792	(3,217)
Expenditures:					
Sixteenth Section	0	25,438	25,438	(25,438)	0
Total Expenditures	0	25,438	25,438	(25,438)	0
Excess (Deficiency) of Revenues Over Expenditures	185,200	171,554	168,337	(13,646)	(3,217)
Other Financing Sources (Uses):					
Operating transfers in	0	0	0	0	0
Operating transfers out	(220,000)	(194,562)	0	25,438	194,562
Total Other Financing Sources (Uses)	(220,000)	(194,562)	0	25,438	194,562
Net Change in Fund Balances	(34,800)	(23,008)	168,337	11,792	191,345
Fund Balances:					
July 1, 2004	(34,800)	(648,650)	671,658	(613,850)	1,320,308
Prior period adjustments (Note)					
July 1, 2004, as restated	(34,800)	(648,650)	671,658	(613,850)	1,320,308
June 30, 2005	\$ (69,600)	(671,658)	839,995	(602,058)	1,511,653

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

West Bolivar 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

West Bolivar 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 <u>Expenditures</u>
U. S. DEPARTMENT OF AGRICULTURE/ Passed-through the Mississippi Department of Education:		
Non-cash assistance:		
Food Donation	10.550	\$29,222
Child Nutrition Cluster:		
School Breakfast Program	10.553	203,356
National School Lunch Program	10.555	379,524
Summer Food Service Program	10.559	29,368
Total child nutrition cluster		<u>612,248</u>
Total passed-through the MDE		<u>641,470</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE		<u>641,470</u>
U. S. DEPARTMENT OF EDUCATION/ Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	964,845
Vocation Education - Basic Grant to States	84.048	3,879
Safe and Drug Free Schools and Communities - State Grants	84.186	17,035
Education Technology State Grants	84.318	150,755
Rural Education Achievements Program	84.358	45,359
Improving Teacher Quality-State Grants	84.367	21,751
Total		<u>1,203,624</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	233,500
Special Education - Preschool Grants	84.173	31,484
Total special education cluster		<u>264,984</u>
Total passed-through the MDE		<u>1,468,608</u>
TOTAL U. S. DEPARTMENT OF EDUCATION		<u>1,468,608</u>
TOTAL FOR ALL FEDERAL AWARDS		<u><u>\$2,110,078</u></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

West Bolivar 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	\$ 6,312,739	3,923,790	942,625	1,446,325
Other	2,900,412	761,639	174,727	1,964,046
Total	\$ 9,213,151	4,685,429	1,117,351	3,410,371
Total number of students *	1,098			
Cost per student	\$ 8,390.85	4,267	1,018	3,106

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

INTERNAL CONTROL AND COMPLIANCE REPORTS

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

November 14, 2005
Superintendent and School Board
West Bolivar School District

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the West Bolivar School District as of and for the year ended June 30, 2005, and have issued my report thereon dated November 14, 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 my audit, I considered the school district's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion 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 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 noted no matters involving the 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters 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

November 14, 2005
Superintendent and School Board
West Bolivar School District

Compliance

I have audited the compliance of the West Bolivar 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 the auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contract 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 my audit.

I conducted my audit of compliance 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, and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that I 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 I considered necessary in the circumstances. I believe my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the school district's compliance with those requirements.

In my opinion, the West Bolivar 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 West Bolivar 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 my auditing procedures for the purpose of expressing my 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, regulation, 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 I 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**

November 14, 2005
Superintendent and School Board
West Bolivar School District

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the West Bolivar School District as of and for the year ended June 30, 2005, which collectively comprise West Bolivar School District's basic financial statements and have issued my report thereon dated November 14, 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 \$36,328.67 of classroom supply funds carried over from previous years.

The results of those procedures performed to test compliance with certain other state laws and regulations and my audit of the financial statements did not disclose any instances of noncompliance with 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

FINDINGS, CORRECTIVE ACTION PLAN AND AUDIT FOLLOW-UP

West Bolivar 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 weaknesses identified? No.
 - b. Reportable conditions 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 weaknesses 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
CFDA # 10.559
 - b. Title I
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 findings 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: Findings Relating to the Financial Statements

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

Section 3: Findings and Questioned Costs for Federal Awards

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

