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GREENWOOD PUBLIC SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2007

JOEL B. CUNNINGHAM
CERTIFIED PUBLIC ACCOUNTANT

GREENWOOD PUBLIC SCHOOL DISTRICT

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

Superintendent and School Board
Greenwood Public School District
Greenwood, Mississippi

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Greenwood Public School District as of and for the year ended June 30, 2007, which collectively comprise the Greenwood Public School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Greenwood Public School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

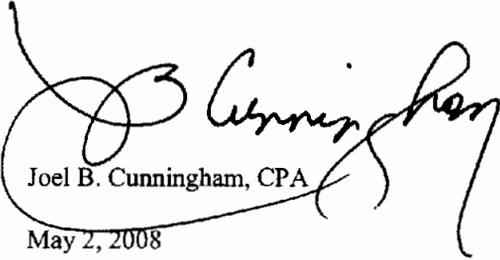
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Greenwood Public School District, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2008, on our consideration of the Greenwood Public School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages (4) through (9) and the Budgetary Comparison Schedule and corresponding notes on pages (31) through (33) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Joel B. Cunningham, CPA
May 2, 2008

GREENWOOD PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

GREENWOOD PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

The discussion and analysis of Greenwood Public School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2007. 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.

FINANCIAL HIGHLIGHTS

- Total net assets increased \$257,250, which represents a 2% increase from fiscal year 2006.
- General revenues account for \$18,912,828 revenue, or 71% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,866,264 or 29% of total revenues.
- The District had \$26,521,842 in expenses; only \$7,866,264 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$18,912,828 were adequate to provide for these programs.
- Among major funds, the General Fund had \$18,201,203 in revenues and \$17,728,386 in expenditures. The General Fund's fund balance increased \$95,968 over the prior year. The Buildings and Repairs Fund had \$106,507 in revenues and \$125,659 in expenses with a decrease in fund balance of \$19,152. The MAEP Construction Fund had \$43,200 in revenues with no expenses and an increase in fund balance of \$43,200.
- Capital assets, net of accumulated depreciation, decreased by \$330,889 due to depreciation expense net of additions and deletions.
- Long-term debt decreased by \$71,045; this decrease is net of the repayment of the debt as required by the amortization schedules and the advance refunding as described at note 5 on page 28.

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 11-12 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 14 and 16, respectively.

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts*. Information is presented separately in the governmental 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 Exhibits C and D 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 the Statement of Fiduciary Net Assets on page 17-18.

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 19-30 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. This required supplementary information can be found on pages 31-33 of this report.

Additionally, a schedule of expenditures of federal awards is required by OMB Cir. A-133 and can be found on page 35 of this report. The Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds can be found on page 36.

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 \$13,713,411 as of June 30, 2007.

Of the District's net assets (71%) reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment, leased property under capital leases 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, 2007 and 2006.

	2007	2006	Change	%
Current assets	\$ 8,252,666	7,827,904	424,762	5%
Capital assets, net	11,939,291	12,270,180	(330,889)	-3%
Total assets	<u>20,191,957</u>	<u>20,098,084</u>	<u>93,873</u>	<u>0%</u>
Current liabilities	1,224,392	1,316,724	(92,332)	-7%
Long-term debt outstanding	5,254,154	5,325,199	(71,045)	-1%
Total liabilities	<u>6,478,546</u>	<u>6,641,923</u>	<u>(163,377)</u>	<u>-2%</u>
Net assets:				
Invested in capital assets, net of related debt	9,804,603	8,237,281	1,567,322	19%
Restricted	1,405,732	1,150,996	254,736	22%
Unrestricted	2,503,076	4,067,884	(1,564,808)	-38%
Total net assets	<u>\$ 13,713,411</u>	<u>13,456,161</u>	<u>257,250</u>	<u>2%</u>

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2007 were \$26,779,092. The total cost of all programs and services was \$26,521,842. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2007.

	2007	2006	Change	%
Revenues:				
Program revenues:				
Charges for services	\$ 341,049	361,431	(20,382)	-6%
Operating grants and contributions	7,525,215	7,314,508	210,707	3%
General revenues:				
Property taxes	4,549,324	4,430,274	119,050	3%
Grants and other contributions not restricted	13,986,251	13,797,630	188,621	1%
Other	377,253	332,787	44,466	13%
Total revenues	<u>26,779,092</u>	<u>26,236,630</u>	<u>542,462</u>	
Expenses:				
Instruction	15,407,757	15,190,228	217,529	1%
Support services	8,990,633	8,596,012	394,621	5%
Non-instructional	1,876,994	1,828,685	48,309	3%
Interest on long-term liabilities	246,458	271,785	(25,327)	-9%
Total expenses	<u>26,521,842</u>	<u>25,886,710</u>	<u>635,132</u>	<u>2%</u>
Increase in net assets	<u>\$ 257,250</u>	<u>349,920</u>	<u>(92,670)</u>	<u>-26%</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		Change	%
	2007	2006	2007	2006		
Instruction	\$ 15,407,757	\$ 15,190,228	(10,867,970)	(10,557,532)	(310,438)	3%
Support services	8,990,633	8,596,012	(6,372,776)	(6,243,555)	(129,221)	2%
Non-instructional	1,876,994	1,828,685	(1,168,374)	(1,137,899)	(30,475)	3%
Interest on long-term liabilities	246,458	271,785	(246,458)	(271,785)	25,327	-9%
Total expenses	\$ 26,521,842	25,886,710	(18,655,578)	(18,210,771)	(444,807)	2%

- Net cost of governmental activities \$18,655,578 was financed by general revenue, which is made up of primarily property taxes of \$4,549,324 state revenue \$13,986,251.
- Investment earnings accounted for \$344,951 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 \$6,918,198 an increase of \$364,754. \$6,063,160 or 88% of the fund balance constitutes unreserved and undesignated fund balance. The remaining fund balance of \$855,038 or 12% 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 \$95,968, a result of normal operations. The fund balance of the Buildings and Repairs Fund decreased \$19,152 due to normal operations. The fund balance of the MAEP Construction Fund increased by \$43,200 due to interest income. The fund balance of Other Governmental Funds showed an increase of \$241,352, due primarily to normal business operations.

BUDGETARY HIGHLIGHTS

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

- Budgeted amounts for expenditures were increased for unexpected costs incurred by the district in the areas of instruction and support services.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2007, the District's total capital assets were \$20,301,224 including school buildings, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$82,520, from the previous year. Total accumulated depreciation as of June 30, 2007 was \$8,361,933 and total depreciation expense for the year was \$517,073, resulting in total net assets of \$11,939,291.

Capital assets, Net of Depreciation

	2007	2006	Percentage Change
Land	\$ 557,475	\$ 557,475	0.0%
Buildings	10,533,397	10,797,318	-2.4%
Improvements other than buildings	57,329	57,329	0.0%
Mobile equipment	588,258	621,697	-5.4%
Furniture and equipment	202,832	236,361	-14.2%
Total	<u>\$ 11,939,291</u>	<u>\$ 12,270,180</u>	-2.7%

Additional information of the District's capital assets can be found in Note 4 on page 27 of this report.

Debt Administration. At June 30, 2007, the District had \$5,254,154 in general obligation bonds and other long-term debt outstanding, of which \$340,000 is due within one year.

	Outstanding Debt		Percentage Change
	2007	2006	
Limited obligation bonds payable	\$ 5,100,000	\$ 5,165,000	-1.3%
Compensated absences payable	154,154	160,199	-3.8%
Total	<u>\$ 5,254,154</u>	<u>\$ 5,325,199</u>	-1.3%

The District maintains an A+ bond rating.

Additional information of the District's long-term debt can be found in Note 5 beginning on page 28 of this report.

CURRENT ISSUES

The Greenwood Public School District is located in Greenwood, Mississippi. Greenwood is in Leflore County, whose population approximates 37,500 and has a civilian labor force in excess of 6,200 persons. The surrounding land area is approximately 605 square miles.

The Greenwood Public School District is comprised of 8 schools; four elementary schools serving grades K-6, one middle school serving grades 7th-8th and one high school serving grades 9th-12th, one career and technical center for grades 9th-12th and one alternative school for grades 4th-12th. These schools include Bankston Elementary, Davis Elementary, W.C. Williams Elementary, Threadgill Elementary, Greenwood Middle School, Greenwood High School, Greenwood Career and Technical Center and Greenwood Alternative School. The total enrollment for the district approximates 2,800 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Greenwood Public School District, 401 Howard Street, Greenwood, MS 38935

GREENWOOD PUBLIC SCHOOL DISTRICT

FINANCIAL STATEMENTS

GREENWOOD PUBLIC SCHOOL DISTRICT
Statement of Net Assets
June 30, 2007

Exhibit A

	<u>Government Activities</u>
ASSETS	
Cash and cash equivalents	\$ 4,374,809
Cash with fiscal agents	178,060
Investments	2,079,593
Due from other governments	1,015,767
Other receivables, net	325,200
Inventories	18,568
Deferred charges	142,346
Restricted assets	118,323
Capital assets, not being depreciated:	
Land	557,475
Capital assets, net of accumulated depreciation:	
Buildings	10,533,397
Improvements other than buildings	57,329
Mobile equipment	588,258
Furniture and equipment	202,832
Total assets	<u>20,191,957</u>
LIABILITIES	
Accounts payable and accrued liabilities	1,192,122
Interest payable on long-term liabilities	32,270
Long-term liabilities (due within one year)	
Capital-related liabilities	340,000
Long-term liabilities (due beyond one year)	
Capital-related liabilities	4,760,000
Non-capital liabilities	154,154
Total liabilities	<u>6,478,546</u>
NET ASSETS	
Invested in capital assets, net of related debt	9,804,603
Restricted net assets:	
Expendable:	
School-based activities	808,405
Debt service	439,631
Unemployment benefits	39,368
Non-expendable:	
Sixteenth section principal	118,328
Unrestricted	2,503,076
Total net assets	<u>\$ 13,713,411</u>

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

GREENWOOD PUBLIC SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2007

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Primary Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction	15,407,757	122,228	4,417,559	-	(10,867,970)
Support services	8,990,633	-	2,617,857	-	(6,372,776)
Non-instructional	1,876,994	218,821	489,799	-	(1,168,374)
Interest on long-term liabilities	246,458	-	-	-	(246,458)
Total governmental activities	\$ 26,521,842	341,049	7,525,215	-	(18,655,578)
General Revenues:					
Taxes:					
					4,549,324
Unrestricted grants and contributions:					
					13,986,251
					344,951
					7,750
					24,552
					18,912,828
Change in Net Assets					
					257,250
Net Assets - Beginning					
					13,456,161
Net Assets - Ending					
					\$ 13,713,411

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

GREENWOOD PUBLIC SCHOOL DISTRICT
 Balance Sheet - Governmental Funds
 June 30, 2007

Exhibit C

	Major Funds				Total Governmental Funds
	General Fund	Buildings & Repairs Fund	MAEP Construction Fund	Other Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 751,469	1,463,802	1,175,301	1,102,560	4,493,132
Cash with fiscal agents	-	-	-	178,060	178,060
Investments	2,079,593	-	-	-	2,079,593
Due from other governments	216,998	-	-	798,769	1,015,767
Due from other funds	55,130	333,752	-	-	388,882
Advances to other funds	325,200	-	-	-	325,200
Inventories	-	-	-	18,568	18,568
Total Assets	\$ 3,428,390	1,797,554	1,175,301	2,097,957	8,499,202
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 263,469	848	-	87,099	351,416
Due to other funds	650,033	6,695	-	572,860	1,229,588
Total Liabilities	913,502	7,543	-	659,959	1,581,004
Fund Balances:					
Reserved for:					
Advances	325,200	-	-	-	325,200
Inventory	-	-	-	18,568	18,568
Unemployment benefits	-	-	-	39,368	39,368
Debt service	-	-	-	471,902	471,902
Undesignated, reported in:					
General fund	2,189,688	-	-	-	2,189,688
Special revenue funds	-	-	-	789,837	789,837
Capital projects funds	-	1,790,011	1,175,301	-	2,965,312
Permanent funds	-	-	-	118,323	118,323
Total Fund Balances	2,514,888	1,790,011	1,175,301	1,437,998	6,918,198
Total Liabilities and Fund Balances	\$ 3,428,390	1,797,554	1,175,301	2,097,957	8,499,202

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

GREENWOOD PUBLIC SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2007

Exhibit C-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 6,918,198
Amounts reported for governmental activities in the statement of net assets are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$8,361,933.	11,939,291
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(5,254,154)
3. Interest payable on long-term debt attributable to the current period is not reported in the funds until its due.	(32,270)
4. Deferred charges related to advance refunding are reported as expenses in the fund financial statements but are capitalized and amortized over the life of the debt in government-wide financial statements.	<u>142,346</u>
Total Net Assets - Governmental Activities	<u>\$ 13,713,411</u>

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

GREENWOOD PUBLIC SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

Exhibit D

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Buildings & Repairs Fund	MAEP Construction Fund		
Revenues:					
Local sources	\$ 4,867,398	106,507	43,200	242,772	5,259,877
Intermediate sources	185,779	-	-	14,221	200,000
State sources	13,113,349	-	-	1,776,796	14,890,145
Federal sources	34,677	-	-	6,386,643	6,421,320
Sixteenth section sources	-	-	-	7,750	7,750
Total Revenues	18,201,203	106,507	43,200	8,428,182	26,779,092
Expenditures:					
Instruction	10,470,659	-	-	4,663,705	15,134,364
Support services	7,225,313	125,659	-	1,623,636	8,974,608
Noninstructional services	32,414	-	-	1,812,540	1,844,954
Debt service:					
Principal	-	-	-	325,000	325,000
Interest	-	-	-	254,448	254,448
Other	-	-	-	33,654	33,654
Total Expenditures	17,728,386	125,659	-	8,712,983	26,567,028
Excess (Deficiency) of Revenues Over Expenditures					
	472,817	(19,152)	43,200	(284,801)	212,064
Other Financing Sources (Uses):					
Proceeds of refunding bonds	-	-	-	4,760,000	4,760,000
Operating transfers in	223,439	-	-	605,017	828,456
Operating transfers out	(600,288)	-	-	(228,168)	(828,456)
Payments to refunded bond escrow agent	-	-	-	(4,551,153)	(4,551,153)
Other financing uses	-	-	-	(59,543)	(59,543)
Total Other Financing Sources (Uses)	(376,849)	-	-	526,153	149,304
Net Change in Fund Balances	95,968	(19,152)	43,200	241,352	361,368
Fund Balances:					
July 1, 2006	2,418,920	1,809,163	1,132,101	1,193,260	6,553,444
Increase in reserve for inventory	-	-	-	3,386	3,386
June 30, 2007	\$ 2,514,888	1,790,011	1,175,301	1,437,998	6,918,198

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

GREENWOOD PUBLIC SCHOOL DISTRICT
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2007

Exhibit D-1

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 361,368
Amounts reported for governmental activities in the statement of activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital asset purchases amounted to \$194,509 and the depreciation expense amounted to \$517,073.	(322,564)
2. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities on the statement of net assets.	325,000
3. Gains or losses on disposal of fixed assets are not reported in the governmental funds but are recognized on the statement of activities, net of proceeds.	(8,325)
4. Interest payable on long-term debt is not recognized as an expenditure in the governmental funds but is recognized on the statement of activities.	9,994
5. Increase in inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are increased in the statement of activities.	3,386
6. Expenses in the statement of activities not normally paid with expendable available financial resources are not reported as expenditures in the governmental funds:	
Compensated absences	6,045
7. Proceeds from refunding bonds net of payment to bond escrow agent, bond issuance discounts, and bond issuance costs are reported as expenses and/or other financing sources and uses on the fund financial statements. These items are reported as long-term debt and deferred charges, net of amortization, on the government-wide statements.	<u>\$ (117,654)</u>
Change in Net Assets of Governmental Activities	<u>\$ 257,250</u>

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

GREENWOOD PUBLIC SCHOOL DISTRICT
Statement of Fiduciary Net Assets
June 30, 2007

Exhibit E

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 13,333	\$ 378,708
Due from other funds	-	840,706
	<u>13,333</u>	<u>1,219,414</u>
Total Assets	<u>\$ 13,333</u>	<u>\$ 1,219,414</u>
Liabilities		
Accounts payable and accrued liabilities	-	854,507
Due to student clubs	-	39,707
Advances from other funds	-	325,200
	<u>-</u>	<u>1,219,414</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 1,219,414</u>
Net Assets		
Reserved for endowments	<u>13,333</u>	
Total Net Assets	<u>\$ 13,333</u>	

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

GREENWOOD PUBLIC SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2007

Exhibit F

	<u>Private- Purpose Trust Funds</u>
Additions	
Interest on investments	<u>\$ 536</u>
Total Additions	<u> 536</u>
Deductions	
Scholarships awarded	<u> 450</u>
Total Deductions	<u> 450</u>
Change in Net Assets	86
Net Assets	
July 1, 2006	<u> 13,247</u>
June 30, 2007	<u><u> \$ 13,333</u></u>

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

GREENWOOD PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2007

(1) Summary of Significant Accounting Policies.

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

A. Financial Reporting Entity.

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the School District's governing board. As defined by accounting principles generally accepted in the United States of America, the School District is considered an "other stand-alone government." The School District is a related organization of, but not a component unit of, the city of Greenwood since the governing authority of the city selects a majority of the School District's board but does not have financial accountability for the School District.

B. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the School District as a whole. They include all funds of the reporting entity except for fiduciary funds, if applicable. Governmental activities generally are financed through taxes, intergovernmental revenues and other 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 Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements:

Fund financial statements of the 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. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

GREENWOOD PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2007

C. Measurement Focus and Basis of Accounting.

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting as are the Fiduciary Fund financial statements. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used regardless of when the related cash flows take place. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Program revenues on the Statement of Activities consist primarily of state appropriations and federal awards.

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.

Buildings and Repairs Fund - This fund accounts for the financial resources to be used for improving and maintaining the school buildings of the district.

MAEP Construction Fund - This fund accounts for the financial resources to be used for acquisition, construction, or improvement of schools in the district.

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

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

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.

GREENWOOD PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2007

FIDUCIARY FUNDS

Private-purpose Trust Funds - Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments

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 broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting* as issued in 2006 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2003* issued by the U.S. Department of Education

E. Encumbrances.

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 consist of amounts on deposit in demand accounts and certificates of deposit with maturities of three 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 three months when acquired.

Investments are reported at fair value.

H. Inventories.

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.

GREENWOOD PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2007

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

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

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

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

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	\$ -	-
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
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. In the government-wide Statement of Net Assets, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column. See Note 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. Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

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

GREENWOOD PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2007

fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 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, construction or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved 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 advances - An account used to offset advances recorded in the asset accounts since they do not constitute available spendable resources and are not a component of net current assets.

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

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

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

M. Property Taxes.

Ad valorem property taxes are levied by the governing authority of the city on behalf of the School District based upon an order adopted by the school board of the School District requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the School District, the revenues to be generated

GREENWOOD PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2007

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 the compensated absence liability payable from expendable available financial resources only if the payable has matured, for example, an employee retires.

(2) Cash and Cash Equivalents, Cash with Fiscal Agents and Investments.

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits are imposed by statutes as follows:

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

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds were \$4,493,132 and \$392,041, respectively. The carrying amount of deposits reported in the government-wide financial statements was: cash and cash equivalents - \$4,374,809 and restricted assets - \$118,323. The restricted assets represent the cash balance of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. The bank balance was \$5,514,953.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2007, none of the district's \$5,514,953 bank balance was exposed to custodial credit risk.

GREENWOOD PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2007

Cash with Fiscal Agents.

The carrying amount of the school district's cash with fiscal agents held by financial institutions was \$178,060.

Investments.

As of June 30, 2007, the district had the following investments.

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Rating</u>
Amsouth Bank certificate of deposit	Less than 1	\$ 2,079,593	N/A
Total investments		<u>\$ 2,079,593</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 investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk.

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.

GREENWOOD PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2007

(3) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds:

	Due From	Due To
Governmental funds:		
General fund	\$ 55,130	650,033
Buildings & Repairs fund	333,752	6,695
Other Governmental Funds	-	572,860
Fiduciary Funds	840,706	-
Total Funds	\$ 1,229,588	1,229,588

The primary purpose of the interfund receivables and payables are to close out the federal programs at year end and to record the final accrued payroll.

B. Advances To/From Other Funds:

	Advances To	Advances From
Governmental funds:		
General fund	\$ 325,200	-
Fiduciary Funds	-	325,200
Total Funds	\$ 325,200	325,200

The advance from the general fund to the fiduciary funds was done in prior years to ensure that the district maintains enough cash to cover payroll expenditures.

C. Transfers In/Out.

	Transfer In	Transfers Out
Governmental funds:		
General fund	\$ 223,439	600,288
Other Governmental Funds	605,017	228,168
Total Funds	\$ 828,456	828,456

The primary purpose of the interfund transfers out was to finance basic operations of the district that are not directly funded, accrue the final payroll and the indirect cost allocation.

GREENWOOD PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2007

(4) Capital Assets.

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

	Balance 7-1-2006	Additions	Retirements	Balance 6-30-2007
<u>Non-depreciable capital assets:</u>				
Land	\$ 557,475	-	-	557,475
Total non-depreciable capital assets	<u>557,475</u>	<u>-</u>	<u>-</u>	<u>557,475</u>
<u>Depreciable capital assets:</u>				
Buildings	16,832,614	-	-	16,832,614
Improvements other than buildings	286,644	-	-	286,644
Mobile equipment	1,572,637	143,275	(78,438)	1,637,474
Furniture and equipment	969,334	51,234	(33,551)	987,017
Total depreciable capital assets	<u>19,661,229</u>	<u>194,509</u>	<u>(111,989)</u>	<u>19,743,749</u>
<u>Less accumulated depreciation for:</u>				
Buildings	6,035,296	263,921	-	6,299,217
Improvements other than buildings	229,315	-	-	229,315
Mobile equipment	950,940	170,747	(72,471)	1,049,216
Furniture and equipment	732,973	82,405	(31,193)	784,185
Total accumulated depreciation	<u>7,948,524</u>	<u>517,073</u>	<u>(103,664)</u>	<u>8,361,933</u>
Total depreciable capital assets, net	<u>11,712,705</u>	<u>(322,564)</u>	<u>(8,325)</u>	<u>11,381,816</u>
Governmental activities capital assets, net	<u>\$ 12,270,180</u>	<u>(322,564)</u>	<u>(8,325)</u>	<u>11,939,291</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 305,053
Support services	176,198
Non-instructional	<u>35,822</u>
Total depreciation expense	<u>\$ 517,073</u>

GREENWOOD PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2007

(5) Long-term liabilities.

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

	Balance			Amounts due	
	7-1-2006	Additions	Reductions	Balance 6-30-2007	Within one year
A. Limited obligation bonds payable \$	5,165,000	4,760,000	(4,825,000)	5,100,000	340,000
B. Compensated absences payable	160,199	-	(6,045)	154,154	-
Total	\$ 5,325,199	4,760,000	(4,831,045)	5,254,154	340,000

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:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital Improvement	Varies	5-1-1998	2-1-2018	\$ 6,760,000	\$ 5,100,000
Total				<u>6,760,000</u>	<u>5,100,000</u>

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

Year Ending June 30	Principal	Interest	Total
2008	\$ 340,000	148,276	488,276
2009	405,000	175,518	580,518
2010	420,000	168,228	588,228
2011	435,000	153,378	588,378
2012	450,000	137,988	587,988
2013- 2017	2,510,000	436,122	2,946,122
2018	540,000	30,912	570,912
Total	\$ 5,100,000	1,250,422	6,350,422

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 Debt Retirement Fund.

GREENWOOD PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2007

On April 30, 2007, the district issued \$4,760,000 in State Aid Capital Improvement Refunding Bonds, Series 2007 with an average interest rate of 3.68 percent to advance refund \$4,500,000 of outstanding State Aid Capital Improvement Bonds, Series 1998 with an average interest rate of 4.9 percent. The net proceeds of \$4,665,457 after payments of \$35,000 for issuance costs were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the State Aid Capital Improvement Bonds, Series 1998. The outstanding balance of the defeased bonds was \$4,500,000 at June 30, 2007.

As a result, the 1998 Series bonds are considered to be defeased and the liability for those bonds has been removed from long-term liabilities.

The district advance refunded the 1998 Series bonds to reduce its total debt service payments over the remaining 11 years of the debt by approximately \$50,218 and to obtain an economic gain of approximately \$180,000.

B. 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 11.3% 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, 2007, 2006 and 2005 were \$1,655,611, \$1,605,463 and \$1,366,692 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.

GREENWOOD PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2007

Year Ending June 30		Amount
2008	\$	7,750
2009		4,250
2010		4,250
2011		4,250
2012		4,250
Thereafter		72,250
Total	\$	<u>97,000</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 Public Entity Workers' Compensation Trust (MPEWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust 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 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 MPEWCT contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any claim up to \$400,000. For a claim exceeding \$400,000, MPEWCT 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 pool members would be required to pay for the deficiencies. The District has not had an additional assessment for excess losses incurred by the pool.

GREENWOOD PUBLIC SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

GREENWOOD PUBLIC SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 4,838,348	4,822,775	4,867,398	(15,573)	44,623
Intermediate sources	200,000	200,000	185,779	-	(14,221)
State sources	12,995,640	13,027,021	13,113,349	31,381	86,328
Federal sources	-	2,981	34,677	2,981	31,696
Total Revenues	<u>18,033,988</u>	<u>18,052,777</u>	<u>18,201,203</u>	<u>18,789</u>	<u>148,426</u>
Expenditures:					
Instruction	10,775,435	10,746,900	10,470,659	28,535	276,241
Support services	6,907,307	6,742,655	7,225,313	164,652	(482,658)
Noninstructional services	29,500	271,173	32,414	(241,673)	238,759
Total Expenditures	<u>17,712,242</u>	<u>17,760,728</u>	<u>17,728,386</u>	<u>(48,486)</u>	<u>32,342</u>
Excess of Revenues Over Expenditures	<u>321,746</u>	<u>292,049</u>	<u>472,817</u>	<u>(29,697)</u>	<u>180,768</u>
Other Financing Sources (Uses):					
Operating transfers in	593,802	597,316	223,439	3,514	(373,877)
Operating transfers out	(915,548)	(896,540)	(600,288)	19,008	296,252
Total Other Financing Sources (Uses)	<u>(321,746)</u>	<u>(299,224)</u>	<u>(376,849)</u>	<u>22,522</u>	<u>(77,625)</u>
Net Change in Fund Balances	-	(7,175)	95,968	(7,175)	103,143
Fund Balances:					
July 1, 2006	<u>\$ 2,418,920</u>	<u>2,418,920</u>	<u>2,418,920</u>	-	-
June 30, 2007	<u>\$ 2,418,920</u>	<u>2,411,745</u>	<u>2,514,888</u>	<u>(7,175)</u>	<u>103,143</u>

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

GREENWOOD PUBLIC SCHOOL DISTRICT

Notes to the Required Supplementary Information
For the Year Ended June 30, 2007

Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

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

GREENWOOD PUBLIC SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

GREENWOOD PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Non-cash assistance:		
Food Donation	10.550	\$ 108,468
Child nutrition cluster:		
School breakfast program	10.553	400,976
National school lunch program	10.555	1,095,908
Summer food service program for children	10.559	95,716
Total child nutrition cluster		<u>1,592,600</u>
Fresh fruit and vegetable program	10.582	79,145
Total U.S. Department of Agriculture		<u>1,780,213</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company		
The schools and libraries program of the universal service fund		233,036
Total Federal Communications Commission	32.xxx	<u>233,036</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	1,903,893
Vocational education - basic grants to states	84.048	68,170
Safe and drug-free schools and communities - state grants	84.186	13,933
State grants for innovative programs	84.298	3,900
Teacher quality enhancement grants	84.336	40
Education technology state grants	84.318	4,080
Reading first state grants	84.357	1,123,331
Rural education	84.358	78,975
Improving teacher quality state grants	84.367	401,316
Grants for state assessments and related activities	84.369	17,065
Total		<u>3,614,703</u>
Special education cluster:		
Special education - grants to states	84.027	723,066
Special education - preschool grants	84.173	27,490
Total		<u>750,556</u>
Total passed-through Mississippi Department of Education		<u>4,365,259</u>
Total U.S. Department of Education		<u>4,365,259</u>
<u>U.S. Department of Defense</u>		
Direct program:		
Reserve officer's training corps	12.xxx	50,777
Total U.S. Department of Defense		<u>50,777</u>
Total for All Federal Awards		<u>\$ 6,429,285</u>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the School District.

GREENWOOD PUBLIC SCHOOL DISTRICT
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2007

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 20,288,054	15,401,717	1,210,871	1,665,953	2,009,513
Other	6,278,974	2,066,757	250,755	111,173	3,850,289
Total	<u>\$ 26,567,028</u>	<u>17,468,474</u>	<u>1,461,626</u>	<u>1,777,126</u>	<u>5,859,802</u>
Total number of students *	<u>2,727</u>				
Cost per student	<u>\$ 9,742</u>	<u>6,406</u>	<u>536</u>	<u>652</u>	<u>2,149</u>

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

Instruction and Other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type - all the 1000, 2100, & 2200 functional codes.

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

School Administration - includes expenditures for the following function: Support Services - School Administration (2400s).

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

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

GREENWOOD PUBLIC SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROL AND COMPLIANCE AND OTHER MATTERS

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

Superintendent and School Board
Greenwood Public School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Greenwood Public School District as of and for the year ended June 30, 2007, which collectively comprise the Greenwood Public School District's basic financial statements and have issued our report thereon dated May 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in the internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect material misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than an inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2007-01 to be a significant deficiency in internal control over financial reporting.

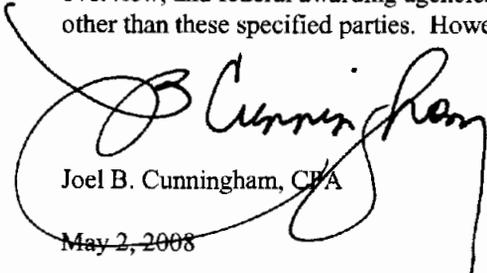
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above in Finding 2007-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that we have reported to management of the school district in a separate letter dated May 2, 2008, which is included in this report.

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 should not be limited.



Joel B. Cunningham, CPA

May 2, 2008

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**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**

Superintendent and School Board
Greenwood Public School District

Compliance

We have audited the compliance of the Greenwood Public 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, 2007. 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. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, Greenwood Public 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, 2007.

Internal Control Over Compliance

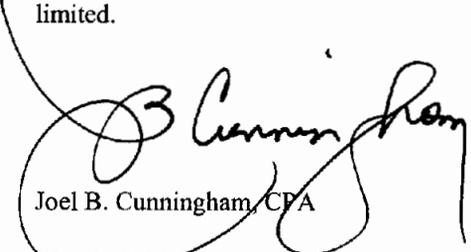
The management of the Greenwood Public School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirements of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the School District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.



Joel B. Cunningham, CPA

May 2, 2008

GREENWOOD PUBLIC SCHOOL DISTRICT

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

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

Superintendent and School Board
Greenwood Public School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Greenwood Public School District as of and for the year ended June 30, 2007, which collectively comprise the Greenwood Public School District's basic financial statements and have issued our report thereon dated May 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

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

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district.

The results of our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not the objective of our audit and, accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

1. Finding

The following items were noted during our examination of surety bonds:

- A. Board members were covered by a blanket surety bond. This was reported in the June 30, 2007 audit report.
- B. The superintendent and principals, acting as purchasing agents for the district, were not covered by a separate surety bond.

Recommendation

The district should implement the following procedures to correct the noncompliance noted above:

- A. The district should comply with Section 37-6-15, Miss. Code Ann. (1972), which requires each member of the board to provide a surety bond in the penal sum of \$50,000.
- B. The district should comply with Section 37-39-21, Miss. Code Ann. (1972), which requires any Official acting as a purchasing agent to be covered by an individual surety bond in the penal sum of at least \$50,000. Additionally, the bond must be filed and recorded in the office of the chancery clerk.

School District's Response

The district agrees with the finding of the auditor.

2. Finding

The district failed to comply with Section 71-5-359, Miss. Code Ann. (1972). The unemployment compensation fund was \$20,152 short of being properly funded.

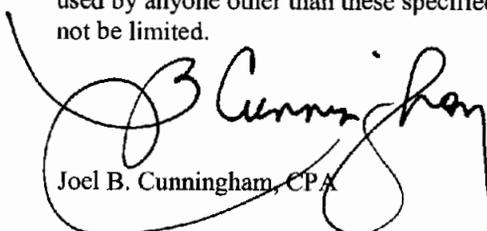
Recommendation

We recommend that the district comply with Section 71-5-359, Miss. Code Ann. (1972), which says the district must maintain 2% of applicable wages in a separate bank account for unemployment compensation.

School District's Response

This finding was corrected soon after year-end.

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 should not be limited.


Joel B. Cunningham, CPA

May 2, 2008

GREENWOOD PUBLIC SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GREENWOOD PUBLIC SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007

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? | Yes |
| b. | Significant deficiency(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. | Significant deficiency(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. | Child Nutrition Cluster: | |
| | CFDA # | 10.553 |
| | CFDA # | 10.555 |
| | CFDA # | 10.559 |
| b. | Special Education Cluster: | |
| | CFDA # | 84.027 |
| | CFDA# | 84.173 |
| c. | Improving Teacher Quality | |
| | CFDA# | 84.367 |

GREENWOOD PUBLIC SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007

- | | | |
|-----|---|------------|
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$ 300,000 |
| 9. | Auditee qualified as a low-risk auditee? | Yes |
| 10. | Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section _____.315(b) of OMB Circular A-133? | No |

Section 2: Financial Statement Findings

Significant Deficiencies Considered to be Material Weaknesses

2007-01 Program: The schools and libraries program of the universal fund; administered through the Universal Service Administrative Company.

Finding

The District failed to report E-rate revenue or the related expenditure of federal awards. Only the District's matching contribution was reported.

This procedure resulted in the federal revenue and support services both being understated by \$233,036. Although there is no change in net assets, for presentation purposes, both the revenue and expenditure of federal awards is required to be reported.

Recommendation

The district should implement policies and procedures to insure all revenue and related expenditures are properly recorded.

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.

GREENWOOD PUBLIC SCHOOL DISTRICT

POST OFFICE BOX 1497
GREENWOOD, MISSISSIPPI 38935
PHONE – 662 453-4231
FAX – 662 455-7409

Auditee's Correcting Action Plan

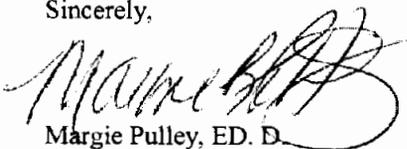
Joel B. Cunningham, CPA
202 Church Street
Belzoni, MS 39038

Dear Mr. Cunningham:

As required by Section .315(c) of OMB Circular A-133, the Greenwood Public School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2007:

<u>Finding</u>	<u>Correction Action Plan Details</u>
2007-01	a. Name of Contact Person Responsible for Corrective Action: Margie Pulley Ph. D., Interim Superintendent, 662-453-4231
	b. Corrective Action Planned: E-rate revenue and the expenditure of federal awards will be properly recorded.
	c. Anticipated Completion Date: Immediately.

Sincerely,



Margie Pulley, ED. D.
Interim Superintendent