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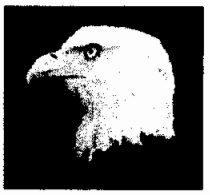
West Bolivar School District
Audited Financial Statements
June 30, 2007



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

FINANCIAL AUDIT REPORT

West Bolivar School District
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J.E. FORTENBERRY, III, PC
Certified Public Accountant

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

Superintendent and School Board
West Bolivar School District

I have audited the accompanying 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, 2007, 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, 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*, I have also issued my report dated November 14, 2007 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 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages (7) through (15) and the Budgetary Comparison Schedule and corresponding notes on pages (45) through (52) 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.

AICPA & MSCPA
1929 Spillway Road, Suite B, Brandon, MS 39047, Telephone (601) 992-5292

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 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 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
November 14, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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, 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 $275,686, which represents a 16% increase from fiscal year 2006.
- General revenues account for $6,918,748, or 71% of all revenues. This amount was more (amount-wise) and remained the same (percentage-wise) compared to the general revenues for the year 2006, which consisted of $6,417,334, or 71% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for $2,799,966 or 29% of total revenues compared to $2,613,589 in 2006.
- The district had $9,443,028 in expenses, amount that increased when compared with the $8,962,606 in expenses for the prior year; only $2,799,966 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of $6,918,748 were adequate to provide for these programs.
- Among major funds, the General Fund had $6,037,499 in revenues and $5,826,074 in expenditures. In 2006 the General Fund had $5,872,516 in revenues and $5,764,821 in expenditures. The General Fund's fund balance increased by $226,273.
- Capital assets, net of accumulated depreciation, showed an immaterial increase of $28,671.
- Long-term debt decreased by $120,801.

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*. 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 Assets and Liabilities 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 28-44 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 45-52 of this report.

Additionally, a schedule of expenditures of federal awards, required by OMB Cir. A-133. And a schedule of instructional, administrative, and other expenditures for governmental funds can be found on pages 54 and 55 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 $2,026,674 as of June 30, 2007.

(19%) 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.

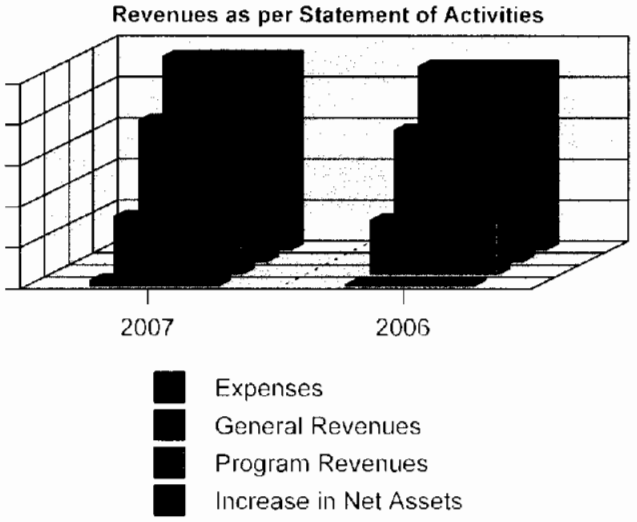
The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2007 and 2006.

		2007	2006	Percentage Change
Assets				
Current assets	$	1,806,985	1,615,078	12%
Capital assets, net		2,310,852	2,282,181	1%
Total assets		4,117,837	3,897,259	6%
Liabilities				
Current liabilities		118,127	59,543	98%
Long-term liabilities		1,973,036	2,093,837	-6%
Total liabilities		2,091,163	2,153,380	-3%
Net Assets				
Invested in capital assets, net of related debt		380,345	226,419	68%
Restricted		1,246,317	1,410,164	-12%
Unrestricted		400,012	107,296	273%
Total Net Assets	$	2,026,674	1,743,879	16%

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

- The principal payments of $125,255 of long-term debt.
- The addition of improvements made and the acquisition of furniture and equipment of $99,154 and the addition to construction in progress of $111,783.

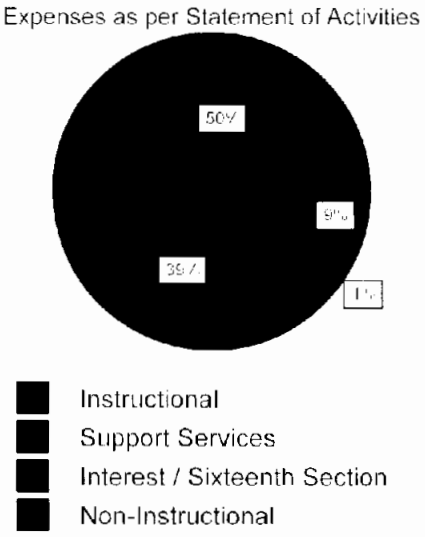
Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2007 were $9,718,714. The total cost of all programs and services was $9,443,028. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2007 and 2006.



		2007	2006	Percentage Change
Revenues				
Program Revenues				
Charges for services	$	159,898	111,008	44%
Operating Grants and Contributions		2,606,646	2,468,310	6%
Capital Grants and Contributions		33,422	34,271	-2%
Total Program Revenues		2,799,966	2,613,589	7%
General Revenues				
Property Taxes		923,262	916,251	1%
Unrestricted Grants and Contributions		5,490,297	5,115,496	7%
Unrestricted Investment Earnings		27,483	8,775	213%
Sixteenth Section Sources		245,087	202,897	21%
Other		232,619	173,915	34%
Total General Revenues		6,918,748	6,417,334	8%
Total revenues		9,718,714	9,030,923	8%
Expenses				
Instruction		4,764,544	4,920,227	-3%
Support services		3,726,794	3,322,622	12%
Non-instructional		827,874	599,611	38%
Interest on long-term liabilities		27,695	96,163	-71%
Sixteenth section		96,121	23,983	301%
Total expenses		9,443,028	8,962,606	5%
Increase (Decrease) in net assets		275,686	68,317	304%
Net Assets, July 1		1,743,879	1,675,562	4%
Prior Period Adjustment		7,110		-100%
Rounding difference		(1)		
Net Assets, June 30	$	2,026,674	1,743,879	16%

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.

		2007 Expenses	2006 Expenses	2007 Net (Expense) Revenue	2006 Net (Expense) Revenue
Instruction	$	4,764,544	4,920,227	(3,887,693)	(4,455,335)
Support Services		3,726,794	3,322,622	(2,401,149)	(1,826,636)
Non-Instructional		827,874	599,611	(230,404)	53,100
Sixteenth Section		27,695	23,983	(27,695)	(23,983)
Interest on Long-Term Liabilities		96,121	96,163	(96,121)	(96,163)
	$	9,443,028	8,962,606	(6,643,062)	(6,349,017)



- Net cost of governmental activities ($6,643,062), was financed by general revenue, which is made up primarily of state grants ($5,174,882).
- Investment earnings accounted for $27,483 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 $1,726,876, an increase of $122,127.

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 $226,273. The decrease in fund balance in the School Food Service Fund for the fiscal year was $69,833. The fund balance in the Summer Food Service Fund, the 21st Century Grant Fund and the Library Grant Fund did not change. The fund balance of the Sixteenth Section Interest Funds for the fiscal year decreased $82,936, due to $300,000 being transferred to District Maintenance to cover FY07 expenditures. The fund balance of the MAEP Retirement Fund showed an increase of $25,312 and the Other Governmental Funds showed an increase of $23,311.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget. Historical data, tentative allocations of state and federal funds, legislative mandates, and anticipated needs are used to determine original budget amounts.

The District's original budget was prepared with the district's goals and long range commitments in mind, using historical data, tentative allocations or estimates of state and federal funds, legislative mandates, staffing studies, and current and anticipated needs. Over the course of the year, the District revised the annual operating budget as changes occurred.

General fund

Budgeted amounts for revenue from state sources were decreased due to less MAEP funding. Budgeted amounts for expenditures were decreased in some instances due to funding decreases.

School Food Service Fund

Actual revenues were more than budgeted because revenues were underestimated. Actual expenditures were more than budgeted because expenditures cost more than the amount estimated for the budget.

Summer Food Service Fund

Allocations for this fund were received after the originally budgeted were approved. The expenditures increased due to the funding.

21st Century Grant Fund

Actual expenditures were less than originally budgeted due to the cost of the expenditures being over estimated.

Sixteenth Section Interest Fund

Actual revenues were greater than budgeted due to the increase in leases and pro rata share.

Library Grant Fund
This fund was not originally budgeted because the grant was awarded after the original budget was approved.

At the time the original budget was prepared only estimates were available for federal funding. Typically original budgets are prepared using prior year allocation as estimates. Once federal awards were known, budgets were amended to the actual grant award amount.

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, 2007, the District's total capital assets were $4,785,097, including school buildings, improvements other than buildings, buses, other school vehicles, and furniture and equipment. This amount represents an increase of $191,858 from the previous year. One major component of this increase was the additions to construction in progress. Total accumulated depreciation as of June 30, 2007 was $2,474,245 and total depreciation expense for the year was $182,075, resulting in total net capital assets of $2,310,852.

	Capital Assets, Net of Depreciation		Percentage
	2007	2006	Change
Construction in progress	$ 111,783.00	-	100%
Buildings	1,529,569.00	1,570,194	-3%
Building improvements	216,071	225,972	-4%
Improvements other than buildings	46,490	12,902	260%
Mobile equipment	258,334	303,214	-15%
Furniture and equipment	138,202	156,107	-11%
Leased property under capital leases	10,403	13,792	-25%
	$ 2,310,852	2,282,181	1%

Additional information of the District's capital assets can be found in Note 4 on page 39 of this report.

Debt Administration. At June 30, 2007, the District had $0 in general obligation bonds outstanding and $1,973,036 in other long-term debt outstanding, of which $130,255 is due within one year.

			Percentage
	2007	2006	Change
Limited obligation bonds payable	$ 1,910,000	2,025,000	-6%
Other loans payable	20,507	30,762	-33%
Compensated absences	42,529	38,075	12%
	$ 1,973,036	2,093,837	-6%

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 40 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. 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.

Latest enrollment figures indicate that student enrollment in the District will decline 42 students. The budget for the next fiscal year has taken into account this fact in both funding and staffing needs.

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, 2007

	Governmental Activities
Assets:	
Cash and cash equivalents	$ 1,386,268
Cash with fiscal agents	16,466
Investments	82,775
Due from other governments	291,617
Other receivables, net	1,177
Inventories and prepaid items	14,828
Restricted assets	13,854
Capital assets, non-depreciable:	
Construction in progress	111,783
Capital assets, net of accumulated depreciation:	
Buildings	1,529,569
Building improvements	216,071
Improvements other than buildings	46,490
Mobile equipment	258,334
Furniture and equipment	138,202
Leased property under capital leases	10,403
Total Assets	4,117,837
Liabilities:	
Accounts payable and accrued liabilities	80,073
Due to other governments	35
Interest payable on long-term liabilities	38,019
Long-term liabilities (due within one year):	
Capital related liabilities	130,255
Long-term liabilities (due beyond one year)	
Capital related liabilities	1,800,252
Non-capital related liabilities	42,529
Total Liabilities	2,091,163
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	380,345
Restricted For:	
School based activities	1,000,796
Debt service	209,325
Forestry improvements	256
Unemployment benefits	21,384
Sixteenth section	
Expendable	702
Nonexpendable	13,854
Unrestricted	400,012
Total Net Assets	$ 2,026,674

The accompanying notes are an integral part of this statement.

WEST BOLIVAR SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Primary government					
Governmental Activities:					
Instruction	$ 4,764,544	$ 106,656	$ 736,773	$ 33,422	$ (3,887,693)
Support services	3,726,794	–	1,325,645	--	(2,401,149)
Noninstructional services	827,874	53,242	544,228	--	(230,404)
Sixteenth section	27,695	--	--	--	(27,695)
Interest on long-term liabilities	96,121	--	--	--	(96,121)
Total Primary Government	$ 9,443,028	$ 159,898	$ 2,606,646	$ 33,422	(6,643,062)
General Revenues:					
Taxes:					
General purpose levies					923,262
Unrestricted grants and contributions:					
State					5,174,882
Federal					315,415
Unrestricted investment earnings					27,483
Sixteenth section sources					245,087
Other					232,619
Total general revenues					6,918,748
Change in Net Assets					275,686
Net Assets - Beginning					1,743,879
Prior Period Adjustment					7,110
Rounding difference					(1)
Net Assets - Ending					$ 2,026,674

The accompanying notes are an integral part of this statement.

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WEST BOLIVAR SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2007

	General Fund	School Food Service Fund	Summer Food Service	21st Century Grant
ASSETS				
Cash and cash equivalents	$ 376,730	$ 230,623	$ 15,364	$ --
Cash with fiscal agents	--	--	--	--
Investments	--	--	--	--
Due from other governments	93,211	--	15,365	22,549
Other receivables, net	--	--	--	--
Due from other funds	57,971	15,637	--	--
Inventories and prepaid items	--	14,361	467	--
Total Assets	$ 527,912	$ 260,621	$ 31,196	$ 22,549
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 45,144	$ 6,975	$ 4,865	$ --
Due to other funds	100	--	25,864	22,549
Total Liabilities	45,244	6,975	30,729	22,549
Fund balances:				
Reserved for:				
Inventory	--	14,361	467	--
Unemployment	--	--	--	--
Forestry	--	--	--	--
Permanent funds	--	--	--	--
Unreserved, undesignated, reported in:				
General fund	482,668	--	--	--
Special Revenue funds	--	239,285	--	--
Debt service funds	--	--	--	--
Total Fund Balances	482,668	253,646	467	--
Total Liabilities and Fund Balances	$ 527,912	$ 260,621	$ 31,196	$ 22,549

Sixteenth Section Interest Funds	Library Grant Fund	MAEP Retirement Fund	Other Governmental Funds	Total Governmental Funds
$ 684,509	$ --	$ --	$ 92,895	$ 1,400,121
--	--	16,466	--	16,466
--	--	82,775	--	82,775
--	24,552	107,975	24,212	287,864
1,177	--	--	--	1,177
--	--	--	820	74,428
--	--	--	--	14,828
$ 685,686	$ 24,552	$ 207,216	$ 117,927	$ 1,877,659
$ --	$ 6,846	$ --	$ 16,243	$ 80,073
--	17,706	--	4,491	70,710
--	24,552	--	20,734	150,783
--	--	--	--	14,828
--	--	--	21,384	21,384
--	--	--	256	256
--	--	--	14,556	14,556
--	--	--	--	482,668
685,686	--	--	60,997	985,968
--	--	207,216	--	207,216
685,686	--	207,216	97,193	1,726,876
$ 685,686	$ 24,552	$ 207,216	$ 117,927	$ 1,877,659

WEST BOLIVAR SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Total fund balances - governmental funds balance sheet	$	1,726,876
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.		2,310,852
Liabilities due in one year are not included in governmental funds		(130,255)
Payables for bond principal which are not due in the current period are not reported in the funds.		(1,790,000)
Payables for bond interest which are not due in the current period are not reported in the funds.		(38,019)
Payables for compensated absences not due in the current period are not reported in the funds.		(42,529)
Other long-term liabilities not due and payable in the current period are not reported in the funds.		(10,252)
Rounding difference		1
Net assets of governmental activities - statement of net assets	$	2,026,674

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, 2007

	General Fund	School Food Service Fund	Summer Food Service	Title IV 21st Century Grant
Revenue:				
Local sources	$ 1,208,532	$ 63,321	$ --	$ --
State sources	4,762,409	2,860	--	--
Federal sources	66,558	515,557	15,365	50,047
Sixteenth section sources	--	--	--	--
Total revenues	6,037,499	581,738	15,365	50,047
Expenditures:				
Instruction	3,611,676	--	--	37,254
Support services	2,026,318	103,582	2,689	12,793
Noninstructional services	18,076	542,103	12,676	--
Sixteenth section	--	--	--	--
Facilities acquisition and construction	159,749	--	--	--
Debt service:				
Principal	10,255	--	--	--
Interest	--	--	--	--
Total expenditures	5,826,074	645,685	15,365	50,047
Excess (deficiency) of revenues (over) expenditures	211,425	(63,947)	--	--
Other financing sources (uses):				
Operating transfers in	376,758	--	--	--
Other financing sources	--	165	--	--
Operating transfers out	(361,910)	(6,051)	--	--
Other financing uses	--	--	--	--
Total other financing sources (uses)	14,848	(5,886)	--	--
Net change in fund balance	226,273	(69,833)	--	--
Fund Balances:				
July 1, 2006	249,285	319,971	--	--
Prior period adjustments	7,110	--	--	--
July 1, 2006 Restated	256,395	319,971	--	--
Increase (decrease) in reserve for inventory	--	3,508	467	--
June 30, 2007	$ 482,668	$ 253,646	$ 467	$ --

Sixteenth Section Interest Funds	Library Grant Fund	MAEP Retirement Fund	Other Governmental Funds	Total Governmental Funds
$ –	$ --	$ 18,709	$ 3,059	$ 1,293,621
–	--	215,950	528,053	5,509,272
–	247,216	--	1,776,397	2,671,140
244,759	–	–	328	245,087
244,759	247,216	234,659	2,307,837	9,719,120
–	--	--	1,199,098	4,848,028
–	243,523	--	1,301,283	3,690,188
–	–	--	51,659	624,514
27,695	–	--	–	27,695
–	–	--	27,382	187,131
–	--	115,000	–	125,255
–	–	93,775	–	93,775
27,695	243,523	208,775	2,579,422	9,596,586
217,064	3,693	25,884	(271,585)	122,534
–	--	--	303,413	680,171
--	--	--	–	165
(300,000)	(3,693)	–	(8,517)	(680,171)
–	–	(572)	–	(572)
(300,000)	(3,693)	(572)	294,896	(407)
(82,936)	--	25,312	23,311	122,127
768,622	--	181,904	75,879	1,595,661
–	–	--	--	7,110
768,622	--	181,904	75,879	1,602,771
–	–	--	(1,997)	1,978
$ 685,686	$ --	$ 207,216	$ 97,193	$ 1,726,876

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, 2007

Net change in fund balances - total governmental funds	$	122,127
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		210,937
The depreciation of capital assets used in governmental activities is not reported in the funds.		(182,075)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.		(191)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		115,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.		10,255
(Increase) decrease in accrued interest from beginning of period to end of period		2,108
Change in inventory is an adjustment to fund balance in the funds but affects expense in the SOA		1,978
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(4,454)
Rounding difference		1
Change in net assets of governmental activities - statement of activities	$	275,686

The accompanying notes are an integral part of this statement.

WEST BOLIVAR SCHOOL DISTRICT

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2007

	Agency Funds
ASSETS	
Assets:	
Cash and other deposits	$ 313,962
Due from state sources	691
Due from other funds	35
Total Assets	$ 314,688
LIABILITIES	
Liabilities:	
Accounts payable & Accrued Liabilities	$ 302,388
Due to student clubs	8,547
Due to other funds	3,753
Total Liabilities	$ 314,688

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, 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 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 school district 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.

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

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

The school district reports the following major governmental funds:

General Fund - 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 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.

21st Century Grant Fund - This fund accounts for the federally funded program to create community learning centers that provide academic enrichment opportunities for children so that they can meet state and local student standards in academic subjects.

Sixteenth Section Interest Funds - This fund is used to account for maintaining and improving sixteenth section lands.

Library Grant Fund - This fund accounts for the resources to provide students with increased access to school library material to improve literacy skills and achievement of students.

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 broad classifications prescribed in *Governmental Accounting, Auditing, and Financial Reporting* as issued in 2005 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2003* issued by the U.S. Department of Education.

E. Encumbrances.

An encumbrance system is maintained to account for commitments resulting from purchase orders, work orders and contracts during the fiscal year. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year end are not reported as reservations of fund balances since they do not constitute expenditures or liabilities.

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 original 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 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 three months when acquired. Investments are reported at fair value.

H. Inventories and Prepaid Items.

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

The 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.

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 assets 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 scale details those thresholds.

	Capitalization Policy	Estimated Useful Life
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
Furniture and equipment	5,000	3-7 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. 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 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.

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.

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 forestry improvements purposes - An account that represents a portion of the fund balance that is legally restricted for improving sixteenth section forest land.

Restricted for permanent fund purposes - An account that represents a portion of the fund balance that is legally restricted for investment purposes or borrowing by the school board for capital purposes.

Unreserved, undesignated - An account that represents the portion of fund balance that is expendable available financial resources.

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 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, 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 and investments 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.

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest surplus funds in the types of investments authorized by Section 27-105-33 (d) and (3), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guranteed by the government or enumerated agency of the United States; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or interest in, and open-end or closed-end any management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Fund) must be credited to those funds. Investment income of $100 or more of any fund must be credited to that fund. Amount less than $100 can be credited to the General Fund.

Cash and Cash Equivalents.

The carrying amount of the school district's deposits reported in the governmental funds and fiduciary funds was $1,400,121 and $313,962, respectively. The carrying amount of deposits reported in government-wide statements was: cash and cash equivalents $1,386,268 and restricted assets $13,854. The restricted assets represents 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 program. The bank balance was $2,529,008.

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 bank balance of $2,529,008 was exposed to custodial credit risk.

Investments.

As of June 30, 2007, the district had the following investments in the internal investment pool.

Investment Type	Maturities (in years)	Fair Value	Rating
Treasury Securities Money Market Funds	N/A	$ 82,775	A
Total Investments		$ 82,775	

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 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. Of the district's investments of underlying securities are hel by the investment's counterparty, not in the name of the district.

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, 2007, the district had the following investments:

Issuer	Fair Value	% of Total Investments
Hancock Horizon Treasury Sec. Money Market Cl A	82,775	100%
	$ 82,775	

(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	$ 57,971	100
School Food Service Fund	15,637	0
Summer Food Service	0	25,864
21st Century Grant	0	22,549
Library Fund	0	17,706
Other Governmental Funds	820	4,491
Agency Funds	35	3,753
Total Funds	$ 74,463	74,463

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

	Transfer In	Transfers Out
Governmental funds:		
General fund	$ 376,758	361,910
School Food Service Fund	0	6,051
Sixteenth Section Interest Funds	0	300,000
Library Fund	0	3,693
Other governmental funds	303,413	8,517
Total Funds	$ 680,171	680,171

The purpose of the transfers was to cover expenses and replenish district maintenance fund. 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 7-1-2006	Additions	Retirements	Adjustments	Balance 6-30-2007
Non-depreciable assets:					
Construction in progress	$	111,783			111,783
Total non-depreciable assets	0	111,783	0	0	111,783
Depreciable capital assets:					
Buildings	2,983,383				2,983,383
Building Improvements	247,513				247,513
Improvements other than bldgs.	64,529	34,987			99,516
Mobile equipment	721,325				721,325
Furniture and equipment	552,530	64,167	19,079		597,618
Leased property under capital leases	23,959				23,959
Total depreciable capital assets	4,593,239	99,154	19,079	0	4,673,314
Less accumulated depreciation for:					
Buildings	1,413,189	40,625			1,453,814
Building Improvements	21,541	9,901			31,442
Improvements other than bldgs.	51,627	1,399			53,026
Mobile equipment	418,111	44,880			462,991
Furniture and equipment	396,423	81,881	18,888		459,416
Leased property under capital leases	10,167	3,389			13,556
Total accumulated depreciation	2,311,058	182,075	18,888	0	2,474,245
Total depreciable capital assets, net	2,282,181	(82,921)	191	0	2,199,069
Governmental activities capital					

	Balance 7-1-2006	Additions	Retirements	Adjustments	Balance 6-30-2007
assets, net	$ 2,282,181	28,862	191	0	2,310,852

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	$127,453
Support services	36,415
Non-instructional	18,207
Total depreciation expense	$182,075

Commitments under construction contracts at June 30, 2007, are summarized as follows:

	Remaining Commitment
Pace Bus Barn	$ 37,823
Total	$ 37,823

(5) Long-term Liabilities.

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

		Balance 7-1-2006	Additions	Reductions	Adjustments	Balance 6-30-2007	Amounts due within one year
A.	Limited obligation bonds payable	$ 2,025,000		115,000		1,910,000	120,000
B.	Other loans payable	30,762		10,255		20,507	10,255
C.	Compensated absences payable	38,075	4,454			42,529	
	Total	$ 2,093,837	4,454	125,255	0	1,973,036	130,255

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
1998 State aid capital improvement bonds	var.	04/1/98	02/1/18	$2,595,000	$1,910,000

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

Year Ending June 30,	Principal	Interest	Total
2008	$ 120,000	$ 88,605	$ 208,605
2009	130,000	83,040	213,040
2010	135,000	77,010	212,010
2011	140,000	70,615	210,615
2012	150,000	63,783	213,783
2013-2017	840,000	203,033	1,043,033
2018-2019	395,000	14,700	409,700
Total	$1,910,000	$600,786	$2,510,786

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.

B. Other Loans Payable.

The school district has issued other debt instruments.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Asbestos Loan	0.00	10-18-01	03-18-05	$ 88,063	20,507
Total				$ 88,063	20,507

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

Year Ending June 30,	Principal	Total
2008	$10,255	$10,255
2009	10,252	10,252
Total	$20,507	$20,507

This debt will be retired from the District Maintenance Fund.

C. 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 rate for fiscal year ending June 30, 2007 was 11.30% 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 $563,875, $540,334, and $460,255, 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.

Year Ending June 30		Amount
2008	$	138,480
2009		105,065
2010		87,965
2011		51,382
2012		21,382

2013 - 2017	106,911
2018 - 2022	93,678
2023 - 2027	21,902
2028 - 2032	18,927
2033 - 2037	7,302
2038 - 2042	5,127
2043 - 2047	398
Total	$ 658,519

(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 121 school districts and one community college and covers risks of loss arising from injuries to the member'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 MSBAWCT contributes quarterly to a fund held in trust by BancorpSouth Bank in Jackson. The funds in the trust account are used to pay any claim up to $700,000. For a claim exceeding $700,000, MSBAWCT has insurance which will pay the excess up to the statutory amount required by the Mississippi Workers Compensation Commission Act. 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.

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

Explanation(s)	Amount

1.	School District's correction of fund balances	$ 7,110
	Total	$ 7,110

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

Major Funds	Explanation(s)	Amount
General Fund	See explanation above.	$ 7,110
	Total	$ 7,110

REQUIRED SUPPLEMENTARY INFORMATION

WEST BOLIVAR SCHOOL DISTRICT Exhibit 1

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 1,130,386	1,208,532	1,208,532	78,146	0
State sources	5,127,233	4,762,409	4,762,409	(364,824)	0
Federal sources	31,854	66,557	66,558	34,703	1
Total Revenues	6,289,473	6,037,498	6,037,499	(251,975)	1
Expenditures:					
Instruction	3,698,095	3,611,677	3,611,676	86,418	1
Support services	2,217,171	2,026,317	2,026,318	190,854	(1)
Noninstructional services	17,763	18,076	18,076	(313)	0
Facilities acquisition and construction	37,467	159,749	159,749	(122,282)	0
Debt Service					
Principal	10,260	10,255	10,255	5	0
Interest				0	0
Total Expenditures	5,980,756	5,826,074	5,826,074	154,682	0
Excess (Deficiency) of Revenues Over Expenditures	308,717	211,424	211,425	(97,293)	1
Other Financing Sources (Uses):					
Insurance Loss Recoveries	2,500			(2,500)	0
Operating Transfers In	174,549	376,758	376,758	202,209	0
Operating Transfers Out	(326,167)	(361,910)	(361,910)	(35,743)	0
Other Financing Uses	(725)			725	0
Total Other Financing Sources (Uses)	(149,843)	14,848	14,848	164,691	0
Net Change in Fund Balances	158,874	226,272	226,273	67,398	(1)
Fund Balances:					
July 1, 2006			249,285	0	249,285
Prior period adjustments (Note)		8,266	7,110	8,266	(1,156)
July 1, 2006, as restated	0	8,266	256,395	8,266	248,129
June 30, 2007	$ 158,874	234,538	482,668	75,664	248,130

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, 2007

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 40,200	63,320	63,321	23,120	1
State sources	3,500	2,860	2,860	(640)	(0)
Federal sources	546,916	478,306	515,557	(68,610)	37,251
Total Revenues	590,616	544,486	581,738	(46,130)	37,252
Expenditures:					
Support services	103,587	103,582	103,582	5	0
Noninstructional services	477,029	504,852	542,103	(27,824)	(37,251)
Facilities acquisition and construction				0	0
Debt Service:					
Principal				0	0
Interest				0	0
Total Expenditures	580,616	608,434	645,685	(27,818)	(37,251)
Excess (Deficiency) of Revenues Over Expenditures	10,000	(63,948)	(63,947)	73,948	1
Other Financing Sources (Uses):					
Operating Transfers In				0	0
Operating financing sources		165	165	165	0
Operating Transfers Out	(10,000)	(6,051)	(6,051)	3,949	0
Total Other Financing Sources (Uses)	(10,000)	(5,886)	(5,886)	4,114	0
Net Change in Fund Balances	0	(69,834)	(69,833)	69,834	1
Fund Balances:					
July 1, 2006			319,971	0	319,971
Prior period adjustments (Note)					
July 1, 2006, as restated	0	0	319,971	0	319,971
Increase (Decrease) in reserve for inventory	0	3,508	3,508	3,508	0
June 30, 2007	$ 0	(66,326)	253,646	(66,326)	319,972

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

WEST BOLIVAR SCHOOL DISTRICT Exhibit 3

Budgetary Comparison Schedule
Summer Food Service Fund
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$	1,198		1,198	(1,198)
Federal sources		10,446	15,365	10,446	4,919
Total Revenues	0	11,644	15,365	11,644	3,721
Expenditures:					
Instruction					0
Support services			2,689		(2,689)
Noninstructional services	1,374	11,644	12,676	(10,270)	(1,032)
Debt Service					
Principal				0	0
Interest				0	0
Total Expenditures	1,374	11,644	15,365	(10,270)	(3,721)
Excess (Deficiency) of Revenues Over Expenditures	(1,374)	0	0	(1,374)	0
Other Financing Sources (Uses):					
Operating Transfers In				0	0
Operating Transfers Out				0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	(1,374)	0	0	(1,374)	0
Fund Balances:					
July 1, 2006				0	0
Prior period adjustments (Note)					
July 1, 2006, as restated	0	0	0	0	0
Increase (Decrease) in reserve for inventory		(1,997)	467	(1,997)	2,464
June 30, 2007	$ (1,374)	(1,997)	467	(623)	2,464

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

WEST BOLIVAR SCHOOL DISTRICT Exhibit 4

Budgetary Comparison Schedule

21st Century Grant

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 76,631	50,047	50,047	(26,584)	0
Total Revenues	76,631	50,047	50,047	(26,584)	0
Expenditures:					
Instruction	60,929	37,254	37,254	23,675	0
Support services	15,702	12,793	12,793	2,909	0
Noninstructional services				0	0
Debt Service					0
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Total Expenditures	76,631	50,047	50,047	26,584	0
Excess (Deficiency) of Revenues Over Expenditures	0	(0)	0	(0)	0
Other Financing Sources (Uses):					
Operating Transfers In				0	0
Operating Transfers Out				0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	0	(0)	0	(0)	0
Fund Balances:					
July 1, 2006	0	0	0	0	0
Prior period adjustments (Note)	0	0			
July 1, 2006, as restated	0	0	0	0	0
Increase (Decrease) in reserve for inventory	0	0	0	0	0
June 30, 2007	$ 0	(0)	0	(0)	0

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

WEST BOLIVAR SCHOOL DISTRICT Exhibit 5

Budgetary Comparison Schedule
Sixteenth Section Interest Fund
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Sixteenth section sources	$ 204,719	244,758	244,759	40,039	1
Total Revenues	204,719	244,758	244,759	40,039	1
Expenditures:					
Sixteenth Section	28,770	27,696	27,695	1,074	1
Total Expenditures	28,770	27,696	27,695	1,074	1
Excess (Deficiency) of Revenues Over Expenditures	175,949	217,062	217,064	41,113	2
Other Financing Sources (Uses):					
Operating transfers in				0	0
Operating transfers out	(150,000)	(300,000)	(300,000)	(150,000)	0
Total Other Financing Sources (Uses)	(150,000)	(300,000)	(300,000)	(150,000)	0
Net Change in Fund Balances	25,949	(82,938)	(82,936)	(108,887)	2
Fund Balances:					
July 1, 2006			768,622	0	768,622
Prior period adjustments (Note)					
July 1, 2006, as restated	0	0	768,622	0	768,622
June 30, 2007	$ 25,949	(82,938)	685,686	(108,887)	768,624

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

WEST BOLIVAR SCHOOL DISTRICT Exhibit 6

Budgetary Comparison Schedule
Library Grant Fund
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources		247,216	247,216	247,216	(0)
Total Revenues	0	247,216	247,216	247,216	(0)
Expenditures:					
Instruction				0	0
Support services		243,523	243,523	(243,523)	0
Noninstructional services				0	0
Facilities acquisition and construction				0	0
Debt Service				0	0
Principal				0	0
Interest				0	0
Total Expenditures	0	243,523	243,523	(243,523)	0
Excess (Deficiency) of Revenues Over Expenditures	0	3,693	3,693	3,693	0
Other Financing Sources (Uses):					
Operating Transfers In				0	0
Operating Transfers Out		(3,693)	(3,693)	(3,693)	(0)
Total Other Financing Sources (Uses)	0	(3,693)	(3,693)	(3,693)	(0)
Net Change in Fund Balances	0	0	0	0	(0)
Fund Balances:					
July 1, 2006			0	0	0
Prior period adjustments (Note)					
July 1, 2006, as restated	0	0	0	0	0
Increase (Decrease) in reserve for inventory	0	0	0	0	0
June 30, 2007	$ 0	0	0	0	(0)

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, 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 fund consistent with accounting principles generally accepted in the United States of America.

SUPPLEMENTAL INFORMATION

West Bolivar School District **Schedule 1**

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. S. DEPARTMENT OF AGRICULTURE/		
Passed-through the Mississippi Department of Education:		
Non-cash assistance:		
Food Donation	10.550	$37,250
Child Nutrition Cluster:		
School Breakfast Program	10.553	118,379
National School Lunch Program	10.555	359,928
Summer Food Service Program	10.559	25,810
Total child nutrition cluster		504,117
Total passed-through the MDE		541,367
TOTAL U. S. DEPARTMENT OF AGRICULTURE		541,367
FEDERAL COMMUNICATION COMMISSION		
Administered through Universal Service Administrative Company:		
The school and libraries program of the Universal Service Fund	32.xxx	53,588
Total Federal Communication Commission		53,588
U. S. DEPARTMENT OF EDUCATION/		
Passed-through the West Tallahatchie School District		
Twenty First Century Community Learning Centers	84.287	50,047
Total passed-through the West Tallahatchie School District		50,047
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	1,109,623
Vocational Education - Basic Grant to States	84.048	32,248
Safe and Drug Free Schools and Communities - State Grants	84.186	12,326
State Grants for Innovative Programs	84.298	1,900
Education Technology State Grants	84.318	153,386
Reading First State Grants	84.357	247,216
Rural Education	84.358	40,996
Improving Teacher Quality-State Grants	84.367	145,496
Grants for State Assessments and Related Activities	84.369	82
Total		1,743,273
Special Education Cluster:		
Special Education - Grants to States	84.027	238,130
Special Education - Preschool Grants	84.173	7,162
Total special education cluster		245,292
Total passed-through the MDE		1,988,565
TOTAL U. S. DEPARTMENT OF EDUCATION		2,038,612
TOTAL FOR ALL FEDERAL AWARDS		$2,633,567

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.

West Bolivar School District
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2007

Schedule 2

Expenditures		Total	Instruction and Other Student Instructional Expenditure	General Administration	School Administration	Other
Salaries and fringe benefits	$	6,826,790	5,195,505	482,751	535,110	613,424
Other		2,769,796	1,162,830	110,209	5,943	1,490,814
Total	$	9,596,586	6,358,335	592,960	541,053	2,104,238
Total number of students *		1,014				
Cost per student	$	9,464	6,271	585	534	2,075

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

Note: 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*

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, 2007, and have issued my report thereon dated November 14, 2007. 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 as a basis for designing my auditing procedures for the purpose of expressing my 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, I do not express an opinion on the effectiveness of the school district's internal control over financial reporting.

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, process, record, 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 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 a material misstatement of the financial statements will not be prevented or detected by the school district's internal control.

My consideration of the 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 or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

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 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 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
November 14, 2007

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

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

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, 2007. 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, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I 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 programs such that there is more than a remote likelihood that noncompliance with a type of compliance requirement 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.

My consideration of the 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. I did not identify any deficiencies in internal control over compliance that I 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.

J.E. Fortenberry, III, PC Certified Public Accountant
November 14, 2007

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

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

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, 2007, which collectively comprise West Bolivar School District's basic financial statements and have issued my report thereon dated November 14, 2007. 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)(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, 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 $5,781 of 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 my 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, 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 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 other state laws and regulations.

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

J.E. Fortenberry, III, PC
November 14, 2007

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, 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? No.
   b. Significant deficiency(ies) 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(ies) 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.