



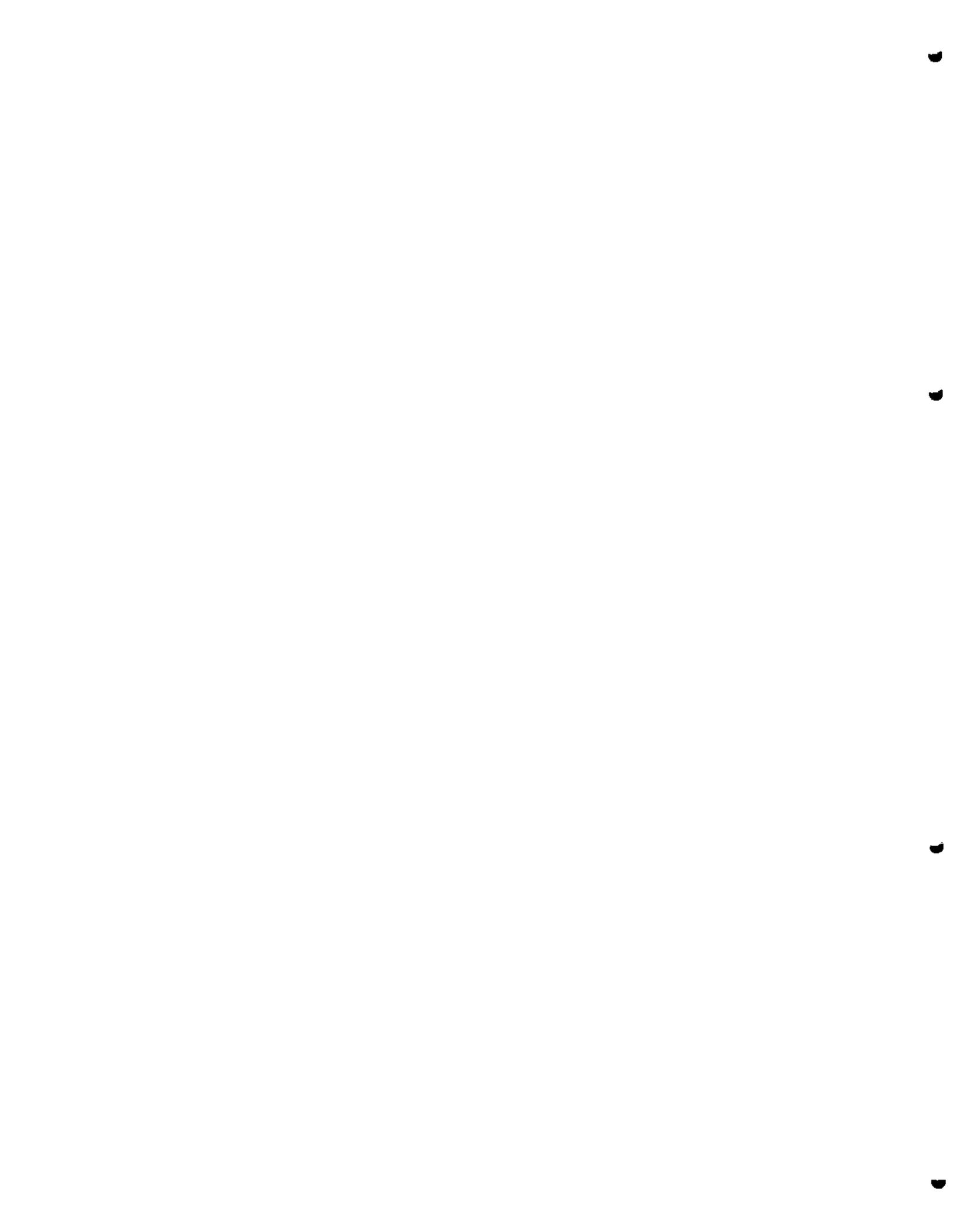
The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

**BOONEVILLE SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008**



**BOONEVILLE SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2008**

	<u>Page</u>
Independent Auditors' Report on the Basic Financial Statements and Supplemental Information	1
Management's Discussion and Analysis	3-8
Financial Statements	
Statement of Net Assets	9
Statement of Activities	10
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	14
Statement of Fiduciary Assets and Liabilities	15
 Notes to Financial Statements	 16-30
Required Supplementary Information	
Budgetary Comparison for General Fund	31
Budgetary Comparison for Title I Fund	32
Budgetary Comparison for EHA Part B Fund	33
Notes to Budgetary Comparison Schedule	34
Supplemental Information	
Schedule of Expenditures of Federal Awards	35
Schedule of Instructional, Administrative and Other Expenditures	36
Other Supplemental Information	
Statements of Revenues, Expenditures and Changes in Fund Balance – General Fund – Last Four Years	37
Statements of Revenues, Expenditures and Changes in Fund Balance – All Governmental Funds – Last Four Years	38
Reports on Compliance and Internal Control Reports	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40-41
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	42-43
Independent Auditors' Report on Compliance with State Laws and Regulations	44-45
Schedule of Findings and Questioned Costs	46-48
Auditee's Corrective Action Plan	49





**BRAWNER
VANSTORY
& COMPANY, P.A.**

Certified Public Accountants

Locations in Corinth, MS & Booneville, MS

Lou Ann D. Counce, CPA
Terry E. Cartwright, CPA
Christopher D. Murphy, CPA

106 South First Street
Post Office Box 540
Booneville, Mississippi 38829
Telephone (662) 728-6172
Fax (662) 728-6176

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

Superintendent and School Board
Booneville School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Booneville School District as of and for the year ended June 30, 2008, which collectively comprise the Booneville School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Booneville School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Booneville School District as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2010, on our consideration of the Booneville School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 and the Budgetary Comparison Schedules and corresponding notes on pages 31 through 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Booneville 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 Expenditure - Governmental Funds is presented for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The other supplemental information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances, General Fund, Last Four Years and the Statement of Revenues, expenditures and Changes in Fund Balances, All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Braun, Vanstang & Co. P.A.

May 3, 2010
Booneville, Mississippi

**BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

The discussion and analysis of Booneville School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this selection is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

Total net assets increased \$756,248, a combination of change in net assets of \$628,504 and prior period adjustment of \$127,744, which represents 8.15% increase from fiscal year 2007.

General revenues account for \$8,740,568 in revenue, or 77.5% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,532,581 or 22.5% of total revenues.

The District had \$10,644,645 in expenses; only \$2,532,581 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$8,740,568 were adequate to provide for these programs.

Among major funds, the General Fund had \$9,018,577 in revenues and \$8,374,505 in expenditures. The General Fund's fund balance increased \$246,054 over the prior year. This was a result of increased revenue.

Capital assets, net of accumulated depreciation, decreased by \$152,799.

Long-term debt decreased by \$217,381.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional and interest on long-term liabilities.

The government-wide financial statements can be found on pages 9 and 10 of this report.

**BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

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 12 and 14, 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 pages 11 and 13 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 Statement of Fiduciary Assets and Liabilities on page 15.

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 16-30 of this report.

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

The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and other major special revenue funds. This required supplementary information can be found on pages 31-34 of this report.

Additionally, a schedule of expenditures of federal awards is required by OMB Circular A-133 and can be found on page 35 of this report, and a Schedule of Instructional, Administrative and other Expenditures for governmental funds can be found on page 36 of this report.

Also, included in the other supplemental information section are the Statement of Revenues, Expenditures and Changes in Fund Balances, General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Funds, Last Four Years. This information is presented for purposes of additional analysis,

**BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

Other Information (Continued)

as required by the Mississippi Department of Education, and is not a required part of the basic financial statement.

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 \$10,030,534 as of June 30, 2008.

By far the largest portion of the District's net assets, 57.2%, reflects its investment in capital assets (e.g., land, buildings, mobile equipment, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending.

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

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2008.

	2008	2007	% changes
Current assets	\$ 5,026,645	\$ 4,509,111	11.5%
Capital assets, net	9,300,352	9,453,151	-1.6%
Total assets	14,326,997	13,962,262	2.6%
Current liabilities	52,584	226,716	-76.8%
Long-term debt outstanding	4,243,879	4,461,260	-4.9%
Total liabilities	4,296,463	4,687,976	-8.4%
Net assets:			
Invested in capital assets, net of related debt	5,740,713	6,083,006	-5.6%
Restricted	1,226,660	869,911	41.0%
Unrestricted	3,063,161	2,321,369	32.0%
Total net assets	\$ 10,030,534	\$ 9,274,286	8.2%

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

Decrease in long-term debt of \$217,381, due to repayment of principal and \$400,000 payment of other long term debt.

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2008, were \$11,273,149. The total cost of all programs and services was \$10,644,645. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2008.

**BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

Revenues:	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Program revenues			
Charges for Services	\$ 812,163	\$ 1,091,988	-25.6%
Operating Grants and Contributions	1,675,450	1,218,888	37.5%
Capital Grants and Contributions	44,968	-	NA
General revenues			
Tax Levies	1,649,595	1,577,829	4.5%
Unrestricted Grants and Contributions	6,803,266	6,231,342	9.2%
Other	287,707	466,207	-38.3%
Total revenues	<u>11,273,149</u>	<u>10,586,254</u>	<u>6.5%</u>
Expenses:			
Instruction	6,381,592	5,878,804	8.6%
Support services	3,592,631	3,655,575	-1.7%
Non-instructional	523,372	469,935	11.4%
Interest on long-term liabilities	147,050	162,172	-9.3%
Total expenses	<u>10,644,645</u>	<u>10,166,486</u>	<u>4.7%</u>
Extraordinary expense	-	1,000,000	100.0%
Increase(Decrease) in Net Assets	<u>\$ 628,504</u>	<u>\$ (580,232)</u>	<u>208.3%</u>

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

	<u>Total Expenses</u>			<u>Net (Expense) Revenue</u>		
	<u>2008</u>	<u>2007</u>	<u>% change</u>	<u>2008</u>	<u>2007</u>	<u>% change</u>
Instruction	\$ 6,381,592	\$ 5,878,804	8.6%	\$ (5,190,911)	\$ (4,775,800)	8.7%
Support services	3,592,631	3,655,575	-1.7%	(2,719,395)	(2,869,267)	-5.2%
Non-instructional	523,372	469,935	11.4%	(54,708)	(48,371)	13.1%
Interest on long-term liabilities	147,050	162,172	-9.3%	(147,050)	(162,172)	-9.3%
Total expenses	<u>\$ 10,644,645</u>	<u>\$ 10,166,486</u>	<u>4.7%</u>	<u>\$ (8,112,064)</u>	<u>\$ (7,855,610)</u>	<u>3.3%</u>

Net cost of governmental activities, \$8,112,064, was financed by general revenue, which is made up of primarily property taxes and state revenue, totaling \$8,396,413.

Investment earnings accounted for \$257,829 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, outflow and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

**BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

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 \$4,850,420, an increase of \$583,885 due primarily to increased revenues. \$3,903,621 or 80.5% of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of \$946,799 or 19.5% is reserved or designated to indicate that it is not available for spending because it is already committed.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$246,054, a result of a decrease in accounts payable. The fund balance of Other Governmental Funds showed a decrease of \$168,089.

BUDGETARY HIGHLIGHTS

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

General Fund

Revenues: The budget was amended to reflect additional local, state and federal revenues collected.

Expenditures: The expenditure budget was amended to reflect less expenditures.

EHA Part B Fund

Actual grant amounts were not available at the time of the original budget. An amendment was made in the amount of \$9,949 to reflect additional revenues and \$9,949 to reflect expenditures.

TITLE I

The budget was amended to reflect less revenues collected of \$4,718 and less expenditures of \$4,718.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund, Title I and EHA Part B Fund are on pages 31-32.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2008, the District's total capital assets were \$14,052,846, including school buildings, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$129,603 from the previous year. Total accumulated depreciation as of June 30, 2008, was \$4,752,494 and total depreciation expense for the year was \$280,424, resulting in total net capital assets of \$9,300,352.

Additional information on the District's capital assets can be found in Note 4 on page 24 of this report.

Debt Administration. At June 30, 2008, the District had \$4,243,879 in general obligation bonds and other long-term debt outstanding, of which \$546,377 is due within one year.

Additional information on the District's long-term debt can be found in Note 5 on page 25 of this report.

CURRENT ISSUES

The Booneville School District serves the community by engaging each student in an excellent education, provided by a highly qualified staff, which promotes continuous learning, and supports the development of skills required for ongoing success. The District test scores are always in the top ten in the state and the District has one of the lowest dropout rates in the state.

The Booneville School District continues to be financially stable because of the outstanding leadership at the district and school level. The District is accountable to our students, their families, and our community in the relentless pursuit of excellence.

**BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Booneville School District, P.O. Box 358, Booneville, MS 38829.

Exhibit A

BOONEVILLE SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

	<u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and Cash equivalents (Note 2)	\$ 4,677,259
Due From Other Governments	291,241
Inventories	19,932
Deferred charges	29,268
Other receivables	8,945
Capital assets, non-depreciable (Note 4)	
Land	193,036
Capital assets, net of accumulated depreciation:	
Buildings	8,317,488
Improvements other than buildings	455,687
Mobile equipment	207,291
Furniture and equipment	126,850
Total Assets	<u>14,326,997</u>
LIABILITIES	
Accounts Payable and Acerued Liabilities	16,791
Unearned Revenue	25,444
Interest Payable on Long Term Liabilities	10,349
Long Term Liabilities (due within one year) (Note 5)	
Capital Related Liabilities	246,377
Non-capital Liabilities	300,000
Long-Term Liabilities (due beyoud oue year) (Note 5)	
Capital Related Liabilities	3,313,262
Non-capital Liabilities	384,240
Total Liabilities	<u>4,296,463</u>
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	5,740,713
Expondable Restricted Net Assets	
School based activities	280,874
Debt Service	403,813
Capital Improvements	517,580
Unemployment Benefits	24,393
Unrestricted	3,063,161
Total Net Assets	<u>\$ 10,030,534</u>

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

BOONEVILLE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2008

Exhibit B

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities					Governmental Activities
Instruction	\$ 6,381,592	680,376	510,305		(5,190,911)
Support Services	3,592,631	-	873,236		(2,719,395)
Noninstructional	523,372	131,787	291,909	44,968	(54,708)
Interest on Long-Term Liabilities	147,050	-	-	-	(147,050)
Total Governmental Activities	\$ 10,644,645	812,163	1,675,450	44,968	(8,112,064)
General Revenues:					
Taxes:					
					1,292,559
					357,036
Unrestricted Grants and Contributions					
					6,746,818
					56,448
					257,829
					29,878
					<u>8,740,568</u>
					<u>628,504</u>
					9,274,286
					127,744
					<u>9,402,030</u>
					<u>\$ 10,030,534</u>

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

BOONEVILLE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2008

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Title I	EHA Part B Fund	3 Mill Note		
ASSETS						
Cash and Cash equivalents (Note 2)	\$ 3,474,597	-	7,765	505,920	688,977	4,677,259
Due from other governments	103,175	22,642	34,398	-	26,304	186,519
Due from other funds (Note 3)	79,537	-	-	-	-	79,537
Inventories	-	-	-	-	19,932	19,932
Total Assets	\$ 3,657,309	22,642	42,163	505,920	735,213	4,963,247
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ 14,630	-	-	-	2,161	16,791
Due to other fund (Note 3)	-	22,642	34,397	-	13,551	70,592
Unearned revenue	-	-	7,766	-	17,678	25,444
Total Liabilities	14,630	22,642	42,163	-	33,392	112,827
Fund Balances						
Reserved for:						
Inventory	-	-	-	-	19,932	19,932
Unemployment benefits	-	-	-	-	24,393	24,393
Capital projects	-	-	-	505,920	11,660	517,580
Debt service	-	-	-	-	384,894	384,894
Undesignated reported in:						
General funds	3,642,679	-	-	-	-	3,642,679
Special revenue funds	-	-	-	-	260,942	260,942
Total Fund Balances	3,642,679	-	-	505,920	701,821	4,850,420
Total Liabilities and Fund Balances	\$ 3,657,309	22,642	42,163	505,920	735,213	4,963,247

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

BOONEVILLE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2008

	<u>Amount</u>
Total Fund Balance-Governmental Funds	\$ 4,850,420
Amounts reported for governmental activities in the statement of net assets are different because:	
1. Capital assets are used in governmental activities, are not financial resources and therefore are not reported in the funds, \$14,052,846 net of accumulated depreciation of \$4,752,494. (Note 4)	9,300,352
2. Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds. (Note 5)	(4,243,879)
3. Accrued interest on debt is not due and payable in the current period and therefore are not reported in the funds.	(10,349)
4. Debt issue costs are not expenses of the current period and are not reported in the funds.	29,268
5. Receivable from City of Booneville that is not recognized as a receivable in the governmental funds due to the annual collection being past the sixty day revenue recognition policy.	<u>104,722</u>
Total Net Assets - Governmental Activities	<u>\$ 10,030,534</u>

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

BOONEVILLE SCHOOL DISTRICT
Statement of Revenue, Expenditures, and Changes in Fund Balance -
Governmental Funds
For the Year Ended June 30, 2008

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Title I	EHA Part B Fund	3 Mill Note		
Revenues						
Local sources	\$ 2,168,563	-	-	-	526,284	2,694,847
State sources	6,793,566	-	-	-	177,750	6,971,316
Federal sources	56,448	157,089	258,833	-	1,069,998	1,542,368
Total Revenues	9,018,577	157,089	258,833	-	1,774,032	11,208,531
Expenditures						
Instruction	5,792,534	135,318	125,731	-	215,558	6,269,141
Support services	2,480,075	21,248	133,102	1,040	709,900	3,345,365
Noninstructional services	98,640	523	-	-	448,494	547,657
Facilities acquisition and construction	-	-	-	93,040	-	93,040
Debt Service						
Principal	3,256	-	-	-	410,506	413,762
Interest	-	-	-	-	152,202	152,202
Total Expenditures	8,374,505	157,089	258,833	94,080	1,936,660	10,821,167
Excess (Deficiency) of Revenues Over Expenditures	644,072	-	-	(94,080)	(162,628)	387,364
Other Financing Sources (Uses)						
Proceeds of loans	-	-	-	600,000	-	600,000
Transfers In	2,133	-	-	-	151	2,284
Transfers Out	(151)	-	-	-	(2,133)	(2,284)
Other Financing Uses	(400,000)	-	-	-	-	(400,000)
Total Other Financing Sources (Uses)	(398,018)	-	-	600,000	(1,982)	200,000
Net Change in Fund Balances	246,054	-	-	505,920	(164,610)	587,364
Fund Balances						
July 1, 2007	3,396,625	-	-	-	869,910	4,266,535
Decrease in reserve for Inventory	-	-	-	-	(3,479)	(3,479)
June 30, 2008	\$ 3,642,679	-	-	505,920	701,821	4,850,420

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

BOONEVILLE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2008

	Amount
Net Change in Fund Balances - Governmental Funds	\$ 587,364
Amounts reported for governmental activities in the statement of activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$129,603 and the depreciation expense amounted to \$280,424. (Note 4)	(150,821)
2. Issuance of long term debt provided current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Assets	(600,000)
3. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of activity. (Note 5)	413,762
4. Payment of long-term liability awarded by court	400,000
5. Decrease in accrued interest is reported as an adjustment to interest expense in the statement of activity.	5,151
6. Decrease in compensated absences is reported as an adjustment to instruction, support services and noninstructional services.	3,619
7. Decrease in inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are increased in the statement of activity	(3,479)
8. Amortization of debt issue costs capitalized in prior year	(2,092)
9. Revenue received from City of Booneville that is a receivable for Statement of Activities, but does not meet the 60 day criteria for a receivable of the governmental funds	<u>(25,000)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 628,504</u></u>

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

Exhibit E

BOONEVILLE SCHOOL DISTRICT
Statement of Fiduciary Assets and Liabilities
June 30, 2008

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
ASSETS	
Cash and cash equivalents	\$ 442,433
TOTAL ASSETS	<u>442,433</u>
LIABILITIES	
Accounts payable and accrued liabilities	347,248
Other Payables	14,722
Due to student clubs	71,518
Due to other funds	<u>8,945</u>
TOTAL LIABILITIES	<u>\$ 442,433</u>

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

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(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

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Booneville since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Booneville School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. *Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by as given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(1) Summary of Significant Accounting Policies (continued)

Fund Financial Statements:

Separate financial statements are provided for governmental, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

General Fund – This is the school district’s primary operating fund. All general tax revenues and other revenues not allocated by law or contractual agreements to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support, and other costs.

Title I - This fund accounts for the revenues and expenditures of providing this program of learning

EHA Part B Fund – This fund is used to account for the federal revenues and expenditures of the Special Education Program.

3 Mill Note – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUNDS

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

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(1) Summary of Significant Accounting Policies (Continued)

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 recorded when earned and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flow. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulation, which included subjecting grants to financial and compliance audits.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Ad valorem property taxes are levied by the governing authorities of the county and the city on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect of interfund activity has been eliminated from the government-wide statements.

Revenues from the Mississippi Adequate Education Program Revenues are appropriated on a fiscal year basis and are recorded at the time they are received from the State of Mississippi.

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(1) Summary of Significant Accounting Policies (Continued)

D. Account Classifications

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

E. Encumbrances

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

F. Assets, liabilities, and net assets or equity

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. 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.

Investments.

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

For accounting purposes, certificates of deposit are classified as investments if they have a maturity greater than three months when acquired.

Investments for the district are reported at fair market value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds"

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental fund to indicate that they are not available for appropriation and are not expendable available financial resources.

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(1) Summary of Significant Accounting Policies (Continued)

F. Assets, liabilities, and net assets or equity (continued)

3. Due from Other Governments

Due from other governments represents amounts due from the State of Mississippi, and various grants and reimbursements from other governments

4. Inventories and Prepaid Items.

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased.

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the statement of net assets because their use is limited by applicable debt statutes. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principle fund is not available for use by the district except as provided for under state statute for loans from this account.

6. Capital Assets

Capital asset, which include property, plant, furniture and equipment, are reported in the applicable government or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the following table and estimated useful lives in excess of two years.

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.

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

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(1) Summary of Significant Accounting Policies (Continued)

F. Assets, liabilities, and net assets or equity (continued)

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

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

7. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. 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.

8. Long-term liabilities, Deferred Debt Expense, and Bond Discounts/Premiums.

In the government-wide, financial statements, outstanding debt is reported as liabilities. Bond issue cost, bond discounts or premiums, and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 5 for details.

9. Fund equity.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(1) Summary of Significant Accounting Policies (Continued)

F. Assets, liabilities, and net assets or equity (continued)

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

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

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

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

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

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

(2) Cash and Cash Equivalents.

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss Code Ann. (1972). The collateral pledged for the school district's 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 Deposit Insurance Corporation.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$4,677,259, and fiduciary funds were \$442,433. The carrying amount of deposits reported in the government wide statements was cash and cash equivalents \$4,677,259. The bank balance was \$5,945,274.

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(2) Cash and Cash Equivalents (continued).

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 institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2008, none of the district's bank balance of \$5,945,274 was exposed to custodial credit risk.

(3) Interfund Receivables, Payables and Transfers.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds

	<u>Due From</u>	<u>Due To</u>	
Governmental Funds			
General Fund	\$ 79,537		Loans to funds awaiting reimbursement
Title I		22,642	Loans to funds awaiting reimbursement
EHA Part B Fund		34,397	Loans to funds awaiting reimbursement
Other Governmental Funds		13,553	Loans to funds awaiting reimbursement
Total Governmental Funds	<u>79,537</u>	<u>70,592</u>	
Fiduciary Funds		\$ 8,945	Interest earned not yet paid to General Fund
	<u>\$ 79,537</u>	<u>\$ 79,537</u>	

B. Inter-fund Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>	
Governmental Funds			
General Fund	\$ 2,133	151	Support of other funds
Other Governmental Funds	151	2,133	To reimburse for expenditures
	<u>\$ 2,284</u>	<u>2,284</u>	

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(4) Capital Assets

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

	Balance 7/1/2007	Additions	Retirements	Construction/ Adjustment	Balance 6/30/2008
Non-depreciable capital assets					
Land	\$ 99,996	93,040	-	-	193,036
Total non-depreciable capital assets	99,996	93,040	-	-	193,036
Depreciable capital assets					
Buildings	12,448,330	-	-	-	12,448,330
Improvements other than buildings	519,069	-	-	-	519,069
Mobile equipment	478,692	-	-	-	478,692
Furniture and equipment	377,156	36,563	-	-	413,719
Total depreciable capital assets	13,823,247	36,563	-	-	13,859,810
Less accumulated depreciation					
Buildings	3,920,019	210,823	-	-	4,130,842
Improvements other than buildings	42,620	20,762	-	-	63,382
Mobile equipment	254,775	14,648	-	1,978	271,401
Furniture and equipment	252,678	34,191	-	-	286,869
Total accumulated depreciation	4,470,092	280,424	-	1,978	4,752,494
Total depreciable capital assets, net	9,353,155	(243,861)	-	(1,978)	9,107,316
Governmental activities capital assets, net	\$ 9,453,151	(150,821)	-	(1,978)	9,300,352

An adjustment was made in the amount of \$1,978 to correct prior depreciation.

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 22,772
Support services	248,763
Non-instructional	8,889
Total depreciation expense	\$ 280,424

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(5) Long-term liabilities

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

	Balance 7/1/2007	Additions	Reductions	Adjustment	Balance 6/30/2008	Amounts due within one year
A. General Obligation bonds payable	\$ 3,005,000	-	140,000	-	2,865,000	140,000
B. Limited Obligation bonds payable	154,051	-	154,051	-	-	-
C. Three Mill notes payable	211,094	600,000	72,253	(138,841)	600,000	60,136
D. Transportation note payable	-	-	44,202	138,841	94,639	46,241
E. Other loans payable	3,256	-	3,256	-	-	-
F. Other Long-Term Liabilities	1,000,000	-	400,000	-	600,000	300,000
G. Compensated absences payable	87,859	-	3,619	-	84,240	-
Total	\$ 4,461,260	600,000	817,381	-	4,243,879	546,377

The above adjustment reclassified debt type improperly classified.

A. General obligation bonds payable.

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, Series 2002	4.0 - 5.5%	7/1/02	7/1/22	\$ 3,500,000	2,865,000
Total				\$ 3,500,000	2,865,000

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

Year Ending June 30,	Principal	Interest	Total
2009	\$ 140,000	126,324	266,324
2010	150,000	118,624	268,624
2011	160,000	112,061	272,061
2012	170,000	105,661	275,661
2013	175,000	98,861	273,861
2015-2019	1,030,000	375,911	1,405,911
2020-2022	1,040,000	119,926	1,159,926
Total	\$ 2,865,000	1,057,368	3,922,368

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann, (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss Code Ann. (1972) have been met. As of June 30, 2008, the amount of outstanding bonded indebtedness was equal to 8.2% of property assessments as of October 1, 2007. This debt will be retired from the Bond Retirement Fund.

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(5) Long-term liabilities (Continued)

B. Limited obligation notes payable.

This note was paid in full as of June 30, 2008.

C. Three mill notes payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three Mill Note, Series 2008	5.95%	2/19/08	9/1/17	600,000	600,000
Total				<u>\$ 600,000</u>	<u>600,000</u>

Details of the district's June 30, three mill notes payable are as follows:

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

Three mill notes payable issued February 19, 2008.

Year Ending June 30,	Principal	Interest	Total
2009	\$ 60,136	19,073	79,209
2010	47,087	32,122	79,209
2011	49,889	29,320	79,209
2012	52,857	26,352	79,209
2013	55,939	23,270	79,209
2014-2018	334,092	61,952	396,044
Total	<u>\$ 600,000</u>	<u>192,089</u>	<u>792,089</u>

D. Transportation notes payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Transportation note payable series 2003	4.64%	11/7/03	11-7-09	260,000	94,639
Total				<u>\$ 260,000</u>	<u>94,639</u>

Details of the district's June 30, transportation note payable is as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 46,241	4,403	50,644
2010	48,398	2,246	50,644
Total	<u>\$ 94,639</u>	<u>6,649</u>	<u>101,288</u>

This will be retired from the EEF Bnilding and Buses Fund.

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(5) Long-term liabilities (Continued)

E. Other loans payable.

This note was paid in full as of June 30, 2008.

F. Other long-term liabilities

Other long-term liabilities are a result of a settled lawsuit with Prentiss County School District for students in the annexed area of the City of Booneville to attend Booneville School. Other long-term liabilities currently outstanding are as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Other long-term liabilities	0.00%	6/26/2007	9/10/2010	<u>\$ 1,000,000</u>	<u>\$ 600,000</u>

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

<u>Year ending June 30</u>	<u>Principal</u>
2009	\$ 300,000
2010	200,000
2011	100,000
Total	<u>\$ 600,000</u>

This debt will be retired from the General Fund.

G. Compensated absences payable.

As more fully explained in Note 1(F)(7), 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.

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(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 information may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800 444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended J 30, 2009 was 11.85% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Booneville School District's contributions to PERS for the years ending June 30, 2008, 2007, and 2006, were, \$ 695,114, \$608,217, and \$563,441, respectively, which equaled the required contributions for each year.

(7) Prior Period Adjustments/Exhibits

A summary of significant fund equity adjustment is as follows:

<u>Explanation</u>	<u>Statement of Activities</u>
1. Correction of error in recording City of Booneville receivable.	\$ 129,722
2. Correction of prior period accumulated depreciation	(1,978)
	<u>\$ 127,744</u>

(8) Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Contingencies

Federal Grants. - The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district.

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(10) Litigation

A lawsuit has been filed by a former first year teacher whose contract was not renewed. The District has filed for a dismissal of the case. The District does not anticipate an unfavorable outcome.

(11) Vocational Education Consortium

The school district entered into a Vocational Education Agreement dated January 1, 1984, creating the Prentiss County Vocational Center. This center was created pursuant to the provisions of Section 37-31-73, Mississippi Code Ann. (1972), and approved by the Mississippi Department of Education. The center includes the Booneville School District and the Prentiss County School District.

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

The Prentiss County School District has been designated as the fiscal agent for the Prentiss County Vocational Center, and the operations of the consortium are included in its financial statements.

(12) Alternative School Consortium

The school district entered into an Alternative School Agreement dated July 1, 1995, creating the Northeast Mississippi Regional Alternative Education Cooperative (NEMRAEC). This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Booneville School District, Baldwin School District and Prentiss County School District.

Section 37-13-92 (6), Miss. Code Ann. (1972), allows two or more adjacent school districts to enter into a contract to operate an alternative school program. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the alternative school program. Transportation for students attending the alternative school program will be the responsibility of the individual school district sending the students.

The Booneville School District has been designated as the lead school district for NEMRAEC, and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures and Changes in Fund Balance is presented to detail the financial activity of NEMRAEC.

**BOONEVILLE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

(12) Alternative School Consortium (Continued)

**Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
For the Year Ended JUNE 30, 2008**

Revenues	
Local Sources	
Tuition from Other LEA's Within the State:	
Baldwyn School District	\$ 82,306
Prentiss County School District	110,454
Total Tuition from Other LEA's Within the State	192,760
Other Local Sources	9,261
State Sources	25,200
Total Revenues	<u>227,221</u>
Expenditures	
Salaries	228,583
Employee Benefits	66,175
Purchased Property Services	15,390
Supplies	10,853
Other Purchased Services	7,318
Total Expenditures	<u>328,319</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(101,098)</u>
Net Change in Fund Balance	<u>(101,098)</u>
Other Financing Sources(Uses)	
Transfers In	96,930
Total Other Financing Sources (Uses)	<u>96,930</u>
Net Change in Fund Balance	<u>(4,168)</u>
Fund Balance:	
July 1, 2007	182,512
June 30, 2008	<u>\$ 178,344</u>

BOONEVILLE SCHOOL DISTRICT
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenue					
Local Sources	\$ 2,260,730	2,270,203	2,168,563	9,473	(101,640)
State Sources	6,560,498	6,793,566	6,793,566	233,068	-
Federal Sources	15,500	56,448	56,448	40,948	-
Total Revenues	8,836,728	9,120,217	9,018,577	283,489	(101,640)
Expenditures					
Instruction	6,071,227	5,882,152	5,792,534	189,075	89,618
Support Services	2,577,448	2,480,397	2,480,075	97,051	322
Noninstructional Services	154,535	98,640	98,640	55,895	-
Debt Service:					
Principal	11,701	3,257	3,256	8,444	1
Interest	1,638			1,638	-
Total Expenditures	8,816,549	8,464,446	8,374,505	352,103	89,941
Excess (Deficiency) of Revenues over Expenditures	20,179	655,771	644,072	635,592	(11,699)
Other Financing Sources (Uses)					
Operating Transfers In	3,283	9,550	2,133	6,267	(7,417)
Operating Transfers Out	(23,464)	(7,569)	(151)	15,895	7,418
Other Financing Uses	-	(400,000)	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	(20,181)	(398,019)	(398,018)	(377,838)	1
Net Change in Fund Balance	(2)	257,752	246,054	257,754	(11,698)
Fund Balances					
July 1, 2007	3,567,441	3,567,441	3,396,625	-	(170,816)
Prior Period Adjustments	(191,460)	(191,460)		-	191,460
July 1, 2007 - Restated	3,375,981	3,375,981	3,396,625	-	20,644
June 30, 2008	<u>\$ 3,375,979</u>	<u>3,633,733</u>	<u>3,642,679</u>	<u>257,754</u>	<u>8,946</u>

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

BOONEVILLE SCHOOL DISTRICT
Budgetary Comparison Schedule for the Title I Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenue					
Federal Sources	\$ 161,807	157,089	157,089	(4,718)	-
Total Revenues	<u>161,807</u>	<u>157,089</u>	<u>157,089</u>	<u>(4,718)</u>	<u>-</u>
Expenditures					
Instruction	138,977	135,318	135,318	3,659	-
Support	22,330	21,248	21,248	1,082	-
Noninstructional Services	500	523	523	(23)	-
Total Expenditures	<u>161,807</u>	<u>157,089</u>	<u>157,089</u>	<u>4,718</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources					
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
July 1, 2007	-	-	-	-	-
June 30, 2008	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

BOONEVILLE SCHOOL DISTRICT
Budgetary Comparison Schedule for the EHA Part B Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenue					
Federal Sources	\$ 248,884	258,833	258,833	9,949	-
Total Revenues	248,884	258,833	258,833	9,949	-
Expenditures					
Instruction	146,872	125,731	125,731	21,141	-
Support	98,978	133,102	133,102	(34,124)	-
Total Expenditures	245,850	258,833	258,833	(12,983)	-
Excess (Deficiency) of Revenues over Expenditures	3,034	-	-	(3,034)	-
Other Financing Sources					
Operating Transfers Out	(3,034)	-	-	3,034	-
Total Other Financing Sources (Uses)	(3,034)	-	-	3,034	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balances					
July 1, 2007	7,766	7,766	-	-	(7,766)
June 30, 2008	\$ 7,766	7,766	-	-	(7,766)

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

**BOONEVILLE SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008**

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 by October 15. A budgetary comparison is presented for the general fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America.

BOONEVILLE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Schedule 4

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U.S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child Nutrition Cluster:		
School breakfast program	10.553	\$ 70,236
National school lunch program	10.555	261,540
Total Child Nutrition Cluster		<u>331,776</u>
Total Passed-through MDE		<u>331,776</u>
Total U.S. Department of Agriculture		<u>331,776</u>
U.S. Department of Health and Human Services		
Passed-through Mississippi Department of Health and Human Services		
Community Based Abstinence Education	93.010	32,734
Healthy Marriage Promotion and Responsible Fathers Grant	93.086	636,412
Total U.S. Department of Health and Human Services		<u>669,146</u>
Federal Communications Commission		
Passed-through the Universal Service Administrative Company		
The Schools and Libraries Program of the Universal Service Fund	32.xxx	19,611
Total Federal Communications Commission		<u>19,611</u>
U.S. Department of Education		
Passed-through Mississippi Department of Education:		
Special Education Cluster		
Special education - grants to states	84.027	265,788
Special education - preschool grants	84.173	20,389
Total Special Education Cluster		<u>286,177</u>
Title I grants to local educational agencies	84.010	157,089
Improving teacher quality - state grants	84.367	43,959
Safe and drug-free schools and communities - state grants	84.186	5,541
Rural education	84.358	7,235
Education technology state grant	84.318	3,918
State grants for innovative programs	84.298	3,851
Total Passed-through MDE		<u>507,770</u>
Total U.S. Department of Education		<u>507,770</u>
Total for All Federal Awards		<u>\$ 1,528,303</u>

Notes to Schedule

- 1 This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the basic financial statements.
- 2 The expenditure amounts include transfers out.
- 3 The pass through entities did not assign identifying numbers to the school district.
- 4 The balance outstanding at June 30, 2008 of the loan received in a previous fiscal year under former CFDA# 66.702 for asbestos removal was \$0.

Booneville School District
Schedule of Instructional, Administrative and Other Expenses - Governmental Funds
For the Year Ended June 30, 2008

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 7,987,263	6,463,761	489,514	341,410	692,578
Other	2,833,904	1,218,597	70,818	22,262	1,522,227
Total	<u>\$ 10,821,167</u>	<u>7,682,358</u>	<u>560,332</u>	<u>363,672</u>	<u>2,214,805</u>
Total number of students	<u>1,277</u>				
Cost per student	<u>\$ 8,474</u>	<u>6,016</u>	<u>439</u>	<u>285</u>	<u>1,734</u>

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

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

General Administration - includes expenditures for the following functions: Support services - General Administrative (2300s) and 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 administrative.

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

**Booneville School District
Statement of Revenues, Expenditures and Changes in Fund Balance-
General Fund
Last Four Years**

UNAUDITED

Revenues	2008	2007*	2006*	2005*
Local sources	\$ 2,168,563	2,169,065	2,010,964	1,982,681
State sources	6,793,566	6,214,049	5,925,954	5,428,837
Federal sources	56,448	52,978	9,480	37,405
Total Revenues	9,018,577	8,436,092	7,946,398	7,448,923
Expenditures				
Instruction	5,792,534	5,439,808	4,916,666	4,732,696
Support services	2,480,075	2,739,285	2,398,776	2,299,631
Noninstructional services	98,640	106,414	93,598	94,064
Facilities acquisition and Construction	-	7,200	44,048	582,526
Debt Service:				
Principal	3,256	6,514	6,514	6,514
Interest	-	-	-	-
Total Expenditures	8,374,505	8,299,221	7,459,602	7,715,431
Excess (Deficiency) of Revenues Over (Under) Expenditures	644,072	136,871	486,796	(266,508)
Other Financing Sources (Uses)				
Insurance Loss Recoveries	-	-	-	1,053
Operating transfers in	2,133	5,451	3,665	21,278
Operating transfers out	(151)	-	-	(28,386)
Other Financing Uses	(400,000)	-	-	-
Total Other Financing Sources (Uses)	(398,018)	5,451	3,665	(6,055)
Net Change in Fund Balance	246,054	142,322	490,461	(272,563)
Fund Balances, July 1	3,396,625	3,254,303	2,763,842	3,036,436
Prior Period Adjustment	-	-	-	(31)
Fund Balances as Restated	3,396,625	3,254,303	2,763,842	3,036,405
Fund Balances, June 30	\$ 3,642,679	3,396,625	3,254,303	2,763,842

* SOURCE - PRIOR YEAR AUDIT REPORTS

**Booneville School District
Statement of Revenues, Expenditures and Changes in Fund Balance-
All Governmental Funds
Last Four Years**

UNAUDITED

Revenues	2008	2007*	2006*	2005*
Local sources	\$ 2,694,847	2,830,692	2,503,114	2,445,497
State sources	6,971,316	6,522,849	6,230,257	5,852,293
Federal sources	1,542,368	1,232,713	1,225,047	1,036,412
Total Revenues	11,208,531	10,586,254	9,958,418	9,334,202
Expenditures				
Instruction	6,269,141	5,865,632	5,824,687	5,295,401
Support services	3,345,365	3,488,331	2,604,196	2,726,417
Noninstructional services	547,657	487,514	478,741	456,984
Facilities acquisition and Construction	93,040	7,200	44,048	726,421
Debt Service:			-	
Principal	413,762	388,781	366,712	340,237
Interest	152,202	172,316	190,710	207,685
Total Expenditures	10,821,167	10,409,774	9,509,094	9,753,145
Excess (Deficiency) of Revenues Over (Under) Expenditures	387,364	176,480	449,324	(418,943)
Other Financing Sources (Uses)				
Proceeds of loans	600,000	-	-	-
Insurance Loss Recoveries	-	-	-	1,053
Operating transfers in	2,284	5,451	3,665	211,266
Operating transfers out	(2,284)	(5,451)	(3,665)	(211,266)
Other Financing Uses	(400,000)			
Total Other Financing Sources (Uses)	200,000	-	-	1,053
Net Change in Fund Balance	587,364	176,480	449,324	(417,890)
Fund Balances, July 1	4,266,535	4,081,296	3,629,859	4,051,804
Prior Period Adjustment	-	-	-	(31)
Fund Balances as Restated	4,266,535	4,081,296	3,629,859	4,051,773
Increase (Decrease) in Reserve for Inventory	(3,479)	8,759	2,113	(4,024)
Fund Balances, June 30	\$ 4,850,420	4,266,535	4,081,296	3,629,859

*SOURCE - PRIOR YEAR AUDIT REPORTS

Booneville School District

This Page left blank intentionally.



CERTIFIED PUBLIC ACCOUNTANTS
Locations in Corinth, MS & Booneville, MS

Lou Ann D. Counce, CPA
Terry E. Cartwright, CPA
Christopher D. Murphy, CPA

106 South First Street
Post Office Box 540
Booneville, Mississippi 38829
Telephone (662) 728-6172
Fax (662) 728-6176

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

Superintendent and School Board
Booneville School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Booneville School District as of and for the year ended June 30, 2008, which collectively comprise the Booneville School District's basic financial statements and have issued our report thereon dated May 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies that, adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2008-1, to be a significant deficiency in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above, in Finding 2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance or other matter that we have reported to management of the school district in a separate letter dated May 3, 2010, which is included in this report.

Booneville School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Booneville School District's response, and accordingly, we express no opinion on it.

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

Brauner, Vanstey & Co. P.A

May 3, 2010
Booneville, Mississippi



Lou Ann D. Counce, CPA
Terry E. Cartwright, CPA
Christopher D. Murphy, CPA

106 South First Street
Post Office Box 540
Booneville, Mississippi 38829
Telephone (662) 728-6172
Fax (662) 728-6176

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

Superintendent and School Board
Booneville School District

Compliance

We have audited the compliance of the Booneville 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, 2008. The Booneville School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

In our opinion, Booneville 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, 2008.

Internal Control Over Compliance

The management of the Booneville School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Booneville School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

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

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 a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood 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. We consider the deficiencies in the internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Findings 2008-2 and 2008-3 to be significant deficiencies.

A *material weakness* is a significant deficiency, or a 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 entity's internal control. We consider the significant deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Finding 2008-2 and Finding 2008-3 to be material weaknesses.

Booneville School District's response to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. We did not audit Booneville School District's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the school board and management, others within the entity, entities with accreditation oversight, 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.

Brauner, Vanstey & Co. P.A.

May 3, 2010
Booneville, Mississippi



Lou Ann D. Counce, CPA
Terry E. Cartwright, CPA
Christopher D. Murphy, CPA

106 South First Street
Post Office Box 540
Booneville, Mississippi 38829
Telephone (662) 728-6172
Fax (662) 728-6176

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Booneville School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Booneville School District as of and for the year ended June 30, 2008, which collectively comprise Booneville School District's basic financial statements and have issued our report thereon dated May 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$9,690 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 our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

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

Finding.

One retired employee, who was rehired by the district, was paid \$250 more than allowed by law, as noted on Form 4-B.

Recommendation.

We recommend that salaries paid to retirees be all inclusive and not exceed that which is allowed by law as noted on Form 4-B.

Response.

We will verify amounts and comply with this requirement.

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the findings in this report to insure that corrective action has been taken.

The Booneville School District's response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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.

Brauer, Vanstony & Co. P.A.

May 3, 2010
Booneville, Mississippi

**BOONEVILLE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

Section 1: Summary of Auditors' Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditors' report issued on the financial statements: | Unqualified |
| 2. | Material noncompliance relating to the financial statements? | No |
| 3. | Internal control over financial reporting: | |
| a. | Material weakness(es) identified? | Yes |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None reported |

Federal Awards:

- | | | |
|-----|--|---------------|
| 4. | Type of auditors' report issued on compliance for major federal programs: | Unqualified |
| 5. | Internal control over major programs: | |
| a. | Material weakness(es) identified? | Yes |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 6. | Any audit findings reported as required by Section __.510(a) of OMB Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| | Title I grants to local educational agencies | CFDA # 84.010 |
| | Community Based Abstinence Education | CFDA#93.010 |
| | Healthy Marriage Promotion and Responsible Fathers Grant | CFDA # 93.086 |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? | No |

**BOONEVILLE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

Section 2: Financial Statement Findings

Significant Deficiency Considered to be a Material Weakness – Internal Controls

FINDING 2008-1

Condition: Internal controls were not in place to prevent or detect errors in the accounting system.

1. The payroll bank account was not reconciled and all the interest earned had not been transferred to District Maintenance for 2008.
2. Capital assets and depreciation reports had not been printed or reconciled. Some depreciation was still in the totals for assets that had been disposed, and one asset was being depreciated below its salvage value.
3. Activity Fund receipts were not well documented. Only five of the thirty-one items tested had proper documentation.
4. Activity Fund disbursements were not well documented. Five of the thirty-seven items tested had no documentation at all and most items had no purchase order.
5. Some revenues were not correctly posted to the proper categories, thereby requiring adjusting entries. Additional adjusting entries had to be made to correctly state the financial statements.
6. Purchasing laws were not being observed on all purchases. One item requiring two competitive quotes, had no quotes at all.
7. Administrative software license was incorrectly charged to building maintenance.

Criteria: The District is responsible for establishing effective internal controls surrounding all of the above activities that will prevent or detect errors.

1. Reconciling bank accounts and transferring interest.
2. Printing and reconciling capital assets.
3. Receipting and documenting activity fund receipts.
4. Properly documenting activity fund disbursements.
5. Properly posting revenues to the correct functions and accounts.
6. Properly obtaining quotes on purchases as required.
7. Properly post expenditures to the correct functions and accounts.

Cause: The proper amount of time was not being taken to properly perform these functions.

Effect: Failure to have these controls in place could result in loss of revenues and assets.

Recommendations:

All bank accounts should be reconciled monthly. Interest should be transferred at least quarterly.

Capital assets should be reconciled monthly. All detail should be printed out and reconciled prior to auditors starting work.

The people in charge of activity funds should be instructed as to the required data to back up receipts and the necessary documentation to support disbursements.

Posting errors occurred that if not corrected would have materially misstated the financial statements. Financial statements should be reviewed and reconciled to insure the accuracy.

Purchases over \$5,000 but not over \$25,000 are required to have at least two bid quotes. Quotes should be obtained for purchases in that range.

Care should be taken to charge expenses to the correct categories, to insure that the annual financial statements filed with the State Department of Education are accurate.

Response:

All bank accounts and capital assets will be reconciled monthly.

Proper backup will be maintained for activity receipts and disbursements.

All bids and quotes will be obtained to comply with purchasing law.

Due care will be taken to charge expenses to the proper accounts.

**BOONEVILLE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

Section 3: Federal Award Findings and Questioned Costs

FINDING 2008-2

CDFA # 93.010 Department of Health and Human Services
Community Based Abstinence Education

Internal Controls -Cash Management
Significant Deficiency Considered to be a Material Weakness

Internal controls were not in place to prevent the district from requesting more funds than were necessary to meet the needs of the Community Based Abstinence Education Grant.

Condition: For nine months, the district maintained significant cash balances in the Community Base Abstinence Education Grant.

Criteria: The district is required to minimize the time between the transfer of funds and the pay out of the funds for program purposes.

Cause: The district failed to examine expenditures prior to requesting funds for reimbursement.

Effect: By not examining the amounts expended, the district will not know how much money to request, therefore, requesting more than is needed and having too much money on hand.

Recommendation:

We recommend that the district examine expenditures before requesting funds, and only request amounts as needed cover those expenditures.

Finding 2008-3

CFDA # 93.086 Department of Health and Human Services
Healthy Marriage Promotion and Responsible Fathers Grant

Internal Controls - Cash Management
Significant Deficiency Considered to be a Material Weakness

The district maintained significant cash balances on two occasions in the Healthy Marriage Promotion and Responsible Fathers Grant.

Condition: The district requested more funds than were necessary to meet the immediate needs of the program.

Criteria: The district is required to minimize the time between the transfer of funds and the pay out of the funds for program purposes.

Cause: The district failed to examine expenditures prior to requesting funds for reimbursement.

Effect: By not examining the amounts expended, the district will not know how much money to request, therefore, requesting more than is needed and having too much money on hand.

Recommendation:

We recommend that the district examine expenditures before requesting funds, and only request amounts as needed to cover those expenditures.

**Booneville School District
P. O. Box 358
Booneville, Mississippi 38829
662-728-2171**

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section _____, 315 (c) of OMB Circular A-133 the Booneville School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2008:

Corrective Action Plan Details

- | | | | |
|----------------|----|-----------------|---|
| Finding 2008-2 | a. | Contact Person: | Rickey Neaves
Superintendent
662-728-2171 |
| | b. | | When drawing down funds for use, due care will be taken to insure only the correct amount of funds are requested. |
| | c. | | Implemented upon notification of finding. |
| Finding 2008-3 | a. | Contact Person | Rickey Neaves
Superintendent
662-728-2171 |
| | b. | | When drawing down funds for use, due care will be taken to insure only the correct amount of funds are requested. |
| | c. | | Implemented upon notification of findings. |

