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Enterprise School District



**Audited Financial Statements
June 30, 2008**

**Fortenberry & Ballard, PC
Certified Public Accountants**

**Enterprise School District
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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
Certified Public Accountants

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

Superintendent and School Board
Enterprise School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Enterprise School District as of and for the year ended June 30, 2008, which collectively comprise the Enterprise School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Enterprise 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 Enterprise 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 April 29, 2009 on our consideration of the Enterprise School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or 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 7 through 15 and the Budgetary Comparison Schedule and corresponding notes on pages 48 through 51 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 Enterprise School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule of Instructional, Administrative, and Other Expenditures-Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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.

Fortenberry & Ballard, P.C.

Fortenberry & Ballard, P.C.
April 29, 2009

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The discussion and analysis of Enterprise 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 section is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets increased \$1,104,653 which represents 21% increase from fiscal year 2007.
- General revenues account for \$7,068,454 in revenue, or 86 % of all revenues. This amount was more than the general revenues reported for the year 2007, which consisted of \$5,849,035 in revenue, or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,158,702 or 14% of total revenues compared with \$1,104,643 in 2007.
- The District had \$7,122,503 in expenses, an amount that increased when compared with the \$6,568,019 in expenses for the prior year; \$1,158,702 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$7,068,454 were adequate to provide for these programs.
- Among major funds, the General Fund had \$6,774,216 in revenues and \$5,792,461 in expenditures. In 2007 the General Fund had \$5,573,649 in revenues and \$5,351,582 in expenditures. The General Fund's fund balance increased \$127,284 over the prior year.
- Capital assets, net of accumulated depreciation, increased by \$58,172.
- Long-term debt decreased by \$74,895.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 17 and 18 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the school district's operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 22 and 26, respectively.

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental fund financial statements can be found on pages 20 and 24 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The school district's fiduciary activities are presented in a separate Statement of Fiduciary Assets and Liabilities on page 27.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-46 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 each additional major special revenue fund. This required supplementary information can be found on pages 48-49 of this report.

Additionally, a schedule of expenditures of federal awards, required by OMB Cir. A-133 and a schedule of instructional, administrative, and other expenditures for governmental funds can be found on pages 53 and 54 of this report.

In addition a Statement of Revenues, Expenditures, and Changes in Fund Balance - Last Four Years is presented for the General Fund and All Governmental Funds on pages 56 and 57 of this year.

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 \$6,292,737 as of June 30, 2008.

The district's net assets are comprised of 1) net assets invested in capital assets, net of related debt, 2) restricted net assets and 3) unrestricted net assets. \$2,172,721 of the District's net assets 35% reflects its investment in capital assets (e.g., land, construction in progress,

buildings, improvements other than buildings, mobile equipment, and furniture and equipment), 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. \$3,271,928 of the District's net assets 52% reflects its restricted net assets. A portion of the restricted net assets is expendable for school based activities, debt service, forestry improvements and unemployment benefits. \$848,088 of the District's net assets 13% reflects its unrestricted net assets.

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, and 2007.

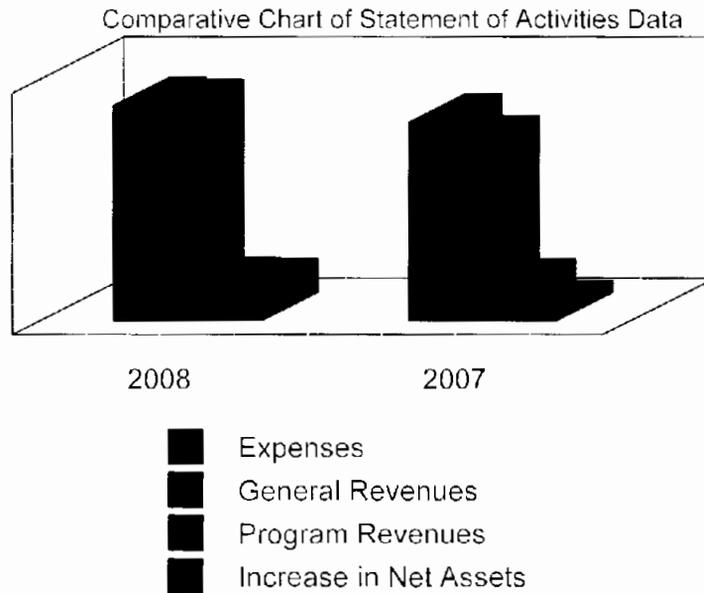
	2008	2007	Percentage Change
Current assets	\$ 4,230,613	3,266,129	30%
Capital assets, net	4,636,225	4,578,053	1%
Total	<u>8,866,838</u>	<u>7,844,182</u>	13%
Current liabilities	11,197	18,299	(39)%
Long-term liabilities	<u>2,562,904</u>	<u>2,637,799</u>	(3)%
Total liabilities	2,574,101	2,656,098	(3)%
Net assets:			
Invested in capital assets, net of related	2,172,721	1,975,381	10%
Restricted	3,271,928	2,045,287	60%
Unrestricted	<u>848,088</u>	<u>1,167,416</u>	(27)%
Total net assets	<u>\$ 6,292,737</u>	<u>5,188,084</u>	21%

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

- The principal retirement of \$161,769 of long-term debt.

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2008 were \$8,227,156. The total cost of all programs and services was \$7,122,503. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2008 and 2007.

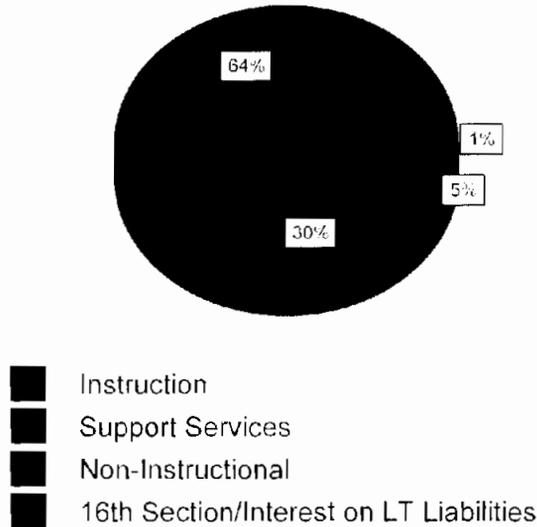
	<u>2008</u>	<u>2007</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 419,542	405,992	3%
Operating grants and contributions	711,505	671,013	6%
Capital grants and contributions	27,655	27,638	0%
Total program revenues	<u>1,158,702</u>	<u>1,104,643</u>	5%
Property taxes	2,466,668	1,684,931	46%
Unrestricted Grants and contributions	4,054,568	3,726,407	9%
Unrestricted investment earnings	263,507	88,041	199%
Sixteenth section sources	149,915	191,903	(22)%
Other	<u>133,796</u>	<u>157,753</u>	(15)%
Total general revenues	<u>7,068,454</u>	<u>5,849,035</u>	21%
Total revenues	<u>8,227,156</u>	<u>6,953,678</u>	18%
Expenses:			
Instruction	4,524,724	4,047,506	12%
Support services	2,124,037	2,014,064	5%
Non-instructional	401,756	391,253	3%
Sixteenth section sources	30,581	61,092	(50)%
Interest on long-term debt	41,405	54,104	(23)%
Total expenses	<u>7,122,503</u>	<u>6,568,019</u>	8%
Increase (decrease) in net assets	<u>1,104,653</u>	<u>385,659</u>	186%
Net Assets, July 1	5,188,084	4,403,914	18%
Prior Period Adjustment	<u> </u>	<u>398,509</u>	(100)%
Rounding Difference	<u> </u>	<u>2</u>	0%
Net Assets, Restated	<u>5,188,084</u>	<u>4,802,425</u>	8%
Net Assets, June 30	\$ <u>6,292,737</u>	<u>5,188,084</u>	21%



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

	2008 Expenses	2008 Net (Expense) Revenue	2007 Expenses	2007 Net (Expense) Revenue
Instruction	\$ 4,524,724	(3,964,769)	4,047,506	(3,386,430)
Support services	2,124,037	(1,942,477)	2,014,064	(2,001,340)
Non-instructional	401,756	2,254	391,253	26,707
Sixteenth section	30,581	(17,404)	61,092	(48,209)
Interest on long-term liabilities	41,405	(41,405)	54,104	(54,104)
Total Expenses	\$ 7,122,503	(5,963,801)	6,568,019	(5,463,376)

Expenses as per Statement of Activities



- The net cost of governmental activities for fiscal year 2008 (\$5,963,801) was financed by general revenue, which is made up of primarily property taxes \$(2,466,668) and state revenues \$4,037,656.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental funds. The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed fiscal year June 30, 2008, its governmental funds reported a combined fund balance of \$4,228,113. The net change in fund balance for the fiscal year was an increase of \$970,084 due primarily to the transfer made to the building fund, which accounted for a large portion of this increase. \$1,648,612, or 39% of the fund balance is reported by fund type in the reserved section of the Governmental Funds Balance Sheet. A portion of the fund balance is reserved for inventory, unemployment benefits, forestry improvements, and permanent fund purposes. The remaining fund balance of \$2,579,501, or 61%, is unreserved and undesignated to indicate that it is available for spending. The portion of the fund balance reported in the Special Revenue Funds will be used for school based activities. The portion of the fund balance reported in the Capital Project funds is a result of transfers and will be used for capital improvements.

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 \$127,284. The fund balance of Other Governmental Funds showed a decrease of \$66,344.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget. Significant budget revisions during the fiscal year are as follows:

- Budgeted amounts for General Fund revenue from local sources was increased for additional ad valorem revenue received.
- Budgeted amounts for revenue from sixteenth section sources in the 16th Section Interest Fund were decreased to more accurately reflect revenue generated during the fiscal year from the sale of timber, sixteenth section leases and earnings on investments.
- Budgeted amounts for General Fund instructional expenditures were increased to allow additional expenditures in that area.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2008, the District's total capital assets, before depreciation, were \$6,232,949, including land, school buildings, buses, other school vehicles, furniture and equipment, and construction in progress. This amount represents an increase of \$205,083 from the previous year. Total accumulated depreciation as of June 30, 2008 was \$1,596,724 and total depreciation expense for the year was \$146,911, resulting in total net capital assets of \$4,636,225.

	<u>2008</u>	<u>2007</u>	<u>Percentage Change</u>
Land	\$ 155,430	155,430	0%
Construction in progress	199,425	0	100%
Buildings	3,929,014	4,018,378	(2)%
Improvements other than buildings	20,910	23,233	(10)%
Mobile equipment	311,377	360,446	(14)%
Furniture and equipment	20,069	20,566	(2)%
Total	<u>\$ 4,636,225</u>	<u>4,578,053</u>	1%

Debt Administration. At June 30, 2008, the District had \$2,562,904 other long-term debt outstanding, of which \$167,508 is due within one year. During the fiscal year, the District made principal payments in the amount of \$161,769 on existing long-term debt.

	<u>2008</u>	<u>2007</u>	Percentage Change
Certificates of participation payable	\$ 718,000	842,000	(15)%
QZAB payable	1,700,000	1,700,000	0%
Other loans payable	45,504	60,672	(25)%
Shortfall notes payable	44,399	0	100%
Compensated absences	55,001	35,127	57%
Total	\$ <u>2,562,904</u>	<u>2,637,799</u>	(3)%

Additional information of the District's long-term debt can be found in Note 6 on page 42 of this report.

CURRENT ISSUES

The Enterprise School District is financially stable. The District is proud of its community support of the public schools. The District has committed itself to financial excellence for many years. The District system of financial planning, budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Enterprise School District, 503 River Road, Enterprise, MS 39330.

FINANCIAL STATEMENTS

ENTERPRISE SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Governmental Activities</u>
Assets	
<i>Cash and cash equivalents</i>	\$ 2,964,268
<i>Investments</i>	417,690
<i>Due from other governments</i>	111,568
<i>Inventories</i>	7,452
<i>Restricted assets</i>	729,635
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	155,430
<i>Construction in progress</i>	199,425
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	3,929,014
<i>Improvements other than buildings</i>	20,910
<i>Mobile equipment</i>	311,377
<i>Furniture and equipment</i>	20,069
Total Assets	<u>8,866,838</u>
Liabilities	
<i>Accounts payable and accrued liabilities</i>	2,500
<i>Interest payable on long-term liabilities</i>	8,697
Long-term liabilities (due within one year):	
<i>Capital related liabilities</i>	145,168
<i>Non-capital related liabilities</i>	22,340
Long-term liabilities (due beyond one year)	
<i>Capital related liabilities</i>	2,318,336
<i>Non-capital related liabilities</i>	77,060
Total Liabilities	<u>2,574,101</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	2,172,721
Restricted For:	
School - based activities	1,639,465
Debt Service	886,719
Capital Improvements	600,220
Forestry Improvements	35,695
Unemployment Benefits	61,850
Sixteenth section	
Expendable	6,979
Nonexpendable	41,000
Unrestricted	848,088
Total Net Assets	<u>\$ 6,292,737</u>

The accompanying notes are an integral part of this statement.

ENTERPRISE SCHOOL DISTRICT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
<i>Instruction</i>	4,524,724	218,331	313,969	27,655	(3,964,769)
<i>Support services</i>	2,124,037	--	181,560	--	(1,942,477)
<i>Noninstructional services</i>	401,756	188,034	215,976	--	2,254
<i>Sixteenth section</i>	30,581	13,177	--	--	(17,404)
<i>Interest on long-term liabilities</i>	41,405	--	--	--	(41,405)
Total Governmental Activities	\$ 7,122,503	\$ 419,542	\$ 711,505	\$ 27,655	(5,963,801)
General Revenues:					
Taxes:					
<i>General purpose levies</i>					2,332,592
<i>Debt purpose levies</i>					134,076
Unrestricted grants and contributions:					
<i>State</i>					4,037,656
<i>Federal</i>					16,912
<i>Unrestricted investment earnings</i>					263,507
<i>Sixteenth section sources</i>					149,915
<i>Other</i>					133,796
Total general revenues					7,068,454
					1,104,653
					5,188,084
					\$ 6,292,737

The accompanying notes are an integral part of this statement.

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ENTERPRISE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Sixteenth Section Interest Fund
ASSETS		
<i>Cash and cash equivalents</i>	\$ 864,561	\$ 1,137,590
<i>Cash with fiscal agents</i>	--	--
<i>Investments</i>	--	417,690
<i>Due from other governments</i>	77,102	100
<i>Due from other funds</i>	24,586	--
<i>Inventories</i>	--	--
Total Assets	\$ 966,249	\$ 1,555,380
LIABILITIES AND FUND BALANCES		
Liabilities:		
<i>Accounts payable and accrued liabilities</i>	\$ --	\$ 2,500
<i>Due to other funds</i>	18,761	--
Total Liabilities	18,761	2,500
Fund balances:		
Reserved for:		
<i>Inventory</i>	--	--
<i>Permanent funds</i>	--	--
<i>Unemployment Benefits</i>	--	--
<i>Forestry Improvements</i>	--	--
<i>Capital projects funds</i>	--	--
<i>Debt service funds</i>	--	--
Unreserved, undesignated, reported in:		
<i>General fund</i>	947,488	--
<i>Special Revenue funds</i>	--	1,552,880
Total Fund Balances	947,488	1,552,880
Total Liabilities and Fund Balances	\$ 966,249	\$ 1,555,380

The accompanying notes are an integral part of this statement.

EXHIBIT C

Building Fund	QZAB Fund	Other Governmental Funds	Total Governmental Funds
\$ 581,960	\$ --	\$ 421,157	\$ 3,005,268
--	2,492	--	2,492
--	686,143	--	1,103,833
--	--	6,589	83,791
14,290	--	7,813	46,689
--	--	7,452	7,452
<u>\$ 596,250</u>	<u>\$ 688,635</u>	<u>\$ 443,011</u>	<u>\$ 4,249,528</u>

\$ --	\$ --	\$ --	\$ 2,500
--	--	151	18,912
<u>--</u>	<u>--</u>	<u>151</u>	<u>21,412</u>

--	--	7,452	7,452
--	--	47,979	47,979
--	--	61,850	61,850
--	--	35,695	35,695
596,250	--	3,970	600,220
--	688,635	206,781	895,416
--	--	--	947,488
--	--	79,133	1,632,013
<u>596,250</u>	<u>688,635</u>	<u>442,860</u>	<u>4,228,113</u>
<u>\$ 596,250</u>	<u>\$ 688,635</u>	<u>\$ 443,011</u>	<u>\$ 4,249,528</u>

ENTERPRISE SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2008

Total fund balances - governmental funds balance sheet	\$ 4,228,113
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	4,636,225
Liabilities due in one year	(167,508)
Payables for bond principal which are not due in the current period are not reported in the funds.	(1,700,000)
Shortfall notes payables not due in the current period are not reported in the funds.	(22,059)
Payables for bond interest which are not due in the current period are not reported in the funds.	(8,697)
Payables for notes which are not due in current period are not reported in the funds.	(30,336)
Payables for compensated absences not due in the current period are not reported in the funds.	(55,001)
Certificates of participation not due and payable in the current period are not reported in the funds.	<u>(588,000)</u>
Net assets of governmental activities - statement of net assets	<u>\$ 6,292,737</u>

The accompanying notes are an integral part of this statement.

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ENTERPRISE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Sixteenth Section Interest Funds
Revenue:		
<i>Local sources</i>	\$ 2,750,351	\$ 31,057
<i>State sources</i>	4,006,953	--
<i>Federal sources</i>	16,912	--
<i>Sixteenth section sources</i>	--	143,673
Total revenues	<u>6,774,216</u>	<u>174,730</u>
Expenditures:		
Instruction	3,758,891	--
Support services	1,849,388	--
Noninstructional services	--	--
Sixteenth section	1,014	--
Facilities acquisition and construction	--	--
Debt service:		
<i>Principal</i>	161,769	--
<i>Interest</i>	21,399	--
Total expenditures	<u>5,792,461</u>	<u>--</u>
Excess (deficiency) of revenues (over) expenditures	981,755	174,730
Other financing sources (uses):		
Proceeds of loans	67,000	--
Insurance loss recoveries	10,979	--
Sale of transportation equipment	102	--
Operating transfers in	64,633	--
Other financing sources	--	--
Operating transfers out	(997,185)	--
Other financing uses	--	--
Total other financing sources (uses)	<u>(854,471)</u>	<u>--</u>
Net change in fund balance	127,284	174,730
Fund Balances:		
July 1, 2007	820,204	1,378,150
Increase (decrease) in reserve for inventory	--	--
June 30, 2008	<u>\$ 947,488</u>	<u>\$ 1,552,880</u>

The accompanying notes are an integral part of this statement.

EXHIBIT D

Building Fund	QZAB Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 32,454	\$ 325,393	\$ 3,139,255
--	--	203,257	4,210,210
--	--	566,606	583,518
--	--	19,419	163,092
<u>--</u>	<u>32,454</u>	<u>1,114,675</u>	<u>8,096,075</u>
38,814	--	486,133	4,283,838
89,890	--	145,405	2,084,683
--	--	395,829	395,829
100	--	29,467	30,581
199,425	--	--	199,425
--	--	--	161,769
--	--	1,634	23,033
<u>328,229</u>	<u>--</u>	<u>1,058,468</u>	<u>7,179,158</u>
(328,229)	32,454	56,207	916,917
--	--	--	67,000
--	--	--	10,979
--	--	--	102
910,189	--	101,428	1,076,250
--	120,000	--	120,000
--	--	(79,065)	(1,076,250)
--	--	(143,706)	(143,706)
<u>910,189</u>	<u>120,000</u>	<u>(121,343)</u>	<u>54,375</u>
581,960	152,454	(65,136)	971,292
14,290	536,181	509,204	3,258,029
--	--	(1,208)	(1,208)
<u>\$ 596,260</u>	<u>\$ 688,635</u>	<u>\$ 442,860</u>	<u>\$ 4,228,113</u>

ENTERPRISE 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

Net change in fund balances - total governmental funds	\$ 971,292
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	205,083
The depreciation of capital assets used in governmental activities is not reported in the funds.	(146,911)
Repayment of principal is an expenditure in the funds but is not an expense in the SOA.	124,000
Repayment of notes principal is an expenditure in the funds but is not an expense in the SOA.	22,601
Repayment of principal is an expenditure in the funds but is not an expense in the SOA.	15,168
(Increase) decrease in accrued interest from beginning of period to end of period	1,502
Change in inventory affects fund balance in the funds but affects expenses in the SOA.	(1,208)
Compensated absences are reported as amount earned in SOA but as amount paid in the funds.	(19,874)
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	<u>(67,000)</u>
Change in net assets of governmental activities - statement of activities	<u>\$ 1,104,653</u>

The accompanying notes are an integral part of this statement.

ENTERPRISE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2008

	<u>Agency Funds</u>
ASSETS	
Assets:	
<i>Cash and cash equivalents</i>	\$ 352,621
Total Assets	<u>\$ 352,621</u>
LIABILITIES	
Liabilities:	
<i>Accounts payable and accrued liabilities</i>	\$ 298,168
<i>Due to student clubs</i>	26,676
<i>Due to other funds</i>	27,777
Total Liabilities	<u>\$ 352,621</u>

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

For the year ended
June 30, 2008

REQUIRED SUPPLEMENTARY INFORMATION

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Enterprise School District

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

For financial reporting purposes, Enterprise 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 relay 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

Enterprise School District

Notes to the Financial Statements For the Year Ended June 30, 2008

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 a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

Separate financial statements are provided for governmental, proprietary 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 nonmajor 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 agreement 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.

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

Building Fund - This fund is a capital project fund used to account for financial resources to be used for the acquisition or construction of major capital facilities.

OZAB Fund - This is a debt service fund that accounts for annual deposits to be paid to the Qualified Zone Academy Bonds Fund.

Enterprise School District

Notes to the Financial Statements
For the Year Ended June 30, 2008

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

The school district also reports fiduciary funds which focus on net assets and changes in net assets.

The District's fiduciary funds include fifteen (15) Agency Funds, which are used to report resources held by the district in a purely custodial capacity.

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

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

Permanent Funds - Permanent Funds are used to account for assets held by the governmental unit where only the earnings the assets generate may be used by the governmental unit.

FIDUCIARY FUNDS

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

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 flows. 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

Enterprise School District

Notes to the Financial Statements For the Year Ended June 30, 2008

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 regulations, which include 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 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 acquisition and construction are reflected as expenditures in the 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

Enterprise School District

Notes to the Financial Statements
For the Year Ended June 30, 2008

appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

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 the *Financial Accounting for Local and State School Systems, 2003* issued by the U.S. Department of Education.

E. Encumbrances.

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

F. 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 type described in Sections 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

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

Enterprise School District

Notes to the Financial Statements For the Year Ended June 30, 2008

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 funds" (i.e., the non-current 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 funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

5. **Restricted Assets**

Certain resources set aside for repayment of debt are classified as restricted assets on the balance sheet 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 Principal 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 assets, which include property, plant, furniture and equipment, are

Enterprise School District

Notes to the Financial Statements
For the Year Ended June 30, 2008

reported in the applicable governmental 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 scale details those thresholds.

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

(*) The threshold amounts will correspond with the amounts for the asset classifications, as listed. See Note (5) 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 and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required to do so by Section 37-7-307(5), Miss. Code Ann. (1972).

The liability for these compensated absences is recorded as long-term liabilities in the government-wide statements. The current portion of this

Enterprise School District

Notes to the Financial Statements For the Year Ended June 30, 2008

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 Expenses, and Bond Discounts/Premiums.

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issue costs, 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 6** 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 further split between designated and undesignated.

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

Enterprise School District

Notes to the Financial Statements For the Year Ended June 30, 2008

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

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

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

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 purposes than that for which it is restricted.

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

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

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

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

Investments. Section 29-3-113 and 37-59-43 Miss. Code Ann. (1972), authorizes the school board to invest surplus funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government or enumerated agency of the United States; (d) direct security repurchase agreements and

Enterprise School District

Notes to the Financial Statements For the Year Ended June 30, 2008

reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or interest in, and open-end or closed-end any management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Amounts less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$3,005,268 and \$352,621 respectively. The carrying amount of deposits reported in the government wide statements was: cash and cash equivalents \$2,964,268 and restricted assets of \$41,000. The bank balance was \$4,154,342.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a financial institutions failure, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2008, none of the district's bank balance of \$4,154,342 was exposed to custodial credit risk.

Cash with Fiscal Agents.

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$2,492.

Investments.

As of June 30, 2008, the district had the following investments in the investment pool.

Investment Type	Maturities (in years)	Fair Value
U.S. Government Obligations	1 year	\$ 686,143
Certificate of Deposit	1 year	417,690
Total Investments		<u>\$ 1,103,833</u>

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Enterprise School District

Notes to the Financial Statements
For the Year Ended June 30, 2008

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The district does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. Of the district's investments \$1,103,833 of underlying securities are held by the investment's counterparty, not in the name of the district.

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2008, the district had the following investments:

	Fair Value	% of Total
U.S. Government Obligations	\$ 686,143	62%
BankPlus Certificate of Deposit	417,690	38%
Total Investments	\$ 1,103,833	100%

(3) Interfund Receivables, Payables and Transfers.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds.

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 151
	Fiduciary Funds	24,435
Building Fund	General Fund	14,290
Other Governmental Funds	General Fund	4,471
	Fiduciary Fund	3,342
		\$ 46,689

Interfund loans exist primarily to avoid a deficit cash balance in federal funds. All balances are expected to be repaid within one year from the date of the financial statements.

Enterprise School District

Notes to the Financial Statements
For the Year Ended June 30, 2008

B. Interfund Transfers.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 86,996
	Building Fund	910,189
Other Governmental Funds	General Fund	64,633
	Other Governmental Funds	<u>14,432</u>
Total		<u>\$ 1,076,250</u>

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

(4) Restricted Assets.

The restricted assets consist of the investment balance of \$686,143 and the cash with fiscal agents' balance of \$2,492 in the QZAB bond. The remaining restricted assets balance represent the cash balance, totaling \$41,000, of the Sixteenth Section Principal fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the districts's programs.

(5) Capital Assets.

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

	<u>Balance 7-1-2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed Construction</u>	<u>Adjustments</u>	<u>Balance 6-30-2008</u>
<u>Non-depreciable capital assets:</u>						
Land	\$ 155,430					155,430
Construction in progress		199,425				199,425
Total non-depreciable capital assets	<u>155,430</u>	<u>199,425</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>354,855</u>
<u>Depreciable capital assets:</u>						
Buildings	4,793,209					4,793,209
Improvements other than bldgs.	58,082					58,082
Mobile equipment	815,546					815,546
Furniture and equipment	205,599	5,658				211,257
Total depreciable capital assets	<u>5,872,436</u>	<u>5,658</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,878,094</u>
<u>Less accumulated depreciation for:</u>						
Buildings	774,831	89,364				864,195
Improvements other than bldgs.	34,849	2,323				37,172
Mobile equipment	455,100	49,069				504,169
Furniture and equipment	185,033	6,155				191,188

Enterprise School District

**Notes to the Financial Statements
For the Year Ended June 30, 2008**

	Balance 7-1-2007	Additions	Retirements	Completed Construction	Adjustments	Balance 6-30-2008
Total accumulated depreciation	<u>1,449,813</u>	<u>146,911</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,596,724</u>
Total depreciable capital assets, net	<u>4,422,623</u>	<u>(141,253)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,281,370</u>
Governmental activities capital assets, net	\$ <u>4,578,053</u>	<u>58,172</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,636,225</u>

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$102,838
Support services	29,382
Non-instructional	<u>14,691</u>
Total depreciation expense	<u>\$146,911</u>

Commitments under construction contracts at June 30, 2008, are summarized as follows:

	Spent to June 30, 2008	Remaining Commitment
Renovations to Enterprise School	\$ 199,425	449,575

Construction projects included in governmental activities are funded with capital project funds.

(6) Long-term Liabilities.

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

	Balance 7-1-2007	Additions	Reductions	Adjustments	Balance 6-30-2008	Amounts due within one year
A. Certificates of participation payable	\$ 842,000		124,000		718,000	130,000
B. QZAB payable	1,700,000				1,700,000	
C. Other loans payable	60,672		15,168		45,504	15,168
D. Shortfall Notes Payable		67,000	22,601		44,399	22,340
E. Compensated absences payable	<u>35,127</u>	<u>19,874</u>			<u>55,001</u>	
Total	\$ <u>2,637,799</u>	<u>86,874</u>	<u>161,769</u>	<u>0</u>	<u>2,562,904</u>	<u>167,508</u>

A. Certificates of Participation Payable.

As more fully explained in Note 9, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

Enterprise School District

Notes to the Financial Statements
For the Year Ended June 30, 2008

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1998 building project - Trust Certificate	4.8%	05-28-98	04-01-13	\$ 950,000	393,000
1999 building project - Trust Certificate	4.9%	10/19/99	04/01/13	750,000	325,000
Total				\$ 1,700,000	718,000

Details of the district's June 30, 2008 certificates of participation indebtedness are as follows:

1. 1998 Project

Year Ending June 30	Principal	Interest	Total
2009	\$ 71,000	18,864	89,864
2010	75,000	15,456	90,456
2011	79,000	11,856	90,856
2012	82,000	8,064	90,064
2013	86,000	4,128	90,128
Total	\$ 393,000	58,368	451,368

2. 1999 Project

Year Ending June 30	Principal	Interest	Total
2009	\$ 59,000	15,925	74,925
2010	62,000	13,034	75,034
2011	65,000	9,996	74,996
2012	68,000	6,811	74,811
2013	71,000	3,479	74,479
Total	\$ 325,000	49,245	374,245

Total certificates of participation payments for all issues:

Year Ending June 30	Principal	Interest	Total
2009	\$ 130,000	34,789	164,789
2010	137,000	28,490	165,490
2011	144,000	21,852	165,852
2012	150,000	14,875	164,875
2013	157,000	7,607	164,607
Total	\$ 718,000	107,613	825,613

Enterprise School District

Notes to the Financial Statements
For the Year Ended June 30, 2008

This debt will be retired from the general fund.

B. Qualified Zone Academy Bonds Payable.

As more fully explained in Note 10, debt has been issued by the school district that qualifies as Qualified Zone Academy Bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2004	2.5%	08-12-04	08-12-18	\$ 1,700,000	1,700,000
Total				\$ <u>1,700,000</u>	<u>1,700,000</u>

This debt will be retired from the QZAB Fund.

C. Other Loans Payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Installment Promissory Note	5.2%	05-06-01	04-06-11	\$ 151,680	45,504

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

Year Ending June 30	Principal	Interest	Total
2009	\$ 15,168	2,366	17,534
2010	15,168	1,577	16,745
2011	15,168	789	15,957
Total	\$ <u>45,504</u>	<u>4,732</u>	<u>50,236</u>

This debt will be retired from the General Fund.

D. Shortfall Notes Payable

Debt currently outstanding is below:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall Notes	4.20%	09/01/07	04/01/10	\$ 67,000	44,399
Total				\$ <u>67,000</u>	<u>44,399</u>

Enterprise School District

Notes to the Financial Statements For the Year Ended June 30, 2008

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

1. Shortfall notes payable issued 09/01/2007

Year Ending June 30	Principal	Interest	Total
2009	\$ 22,340	1,895	24,235
2010	22,059	1,176	23,235
Total	\$ <u>44,399</u>	<u>3,071</u>	<u>47,470</u>

This debt will be retired from the General fund.

E. Compensated Absences.

As more fully explained in Note I (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.

(7) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The rate for fiscal year ended June 30, 2008 was 11.85% of the annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2008, 2007, and 2006 were \$472,592, \$415,265, and \$387,883, respectively, which equaled the required contributions for each year.

(8) Sixteenth Section Lands.

Enterprise School District

Notes to the Financial Statements For the Year Ended June 30, 2008

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

Year Ending <u>June 30</u>		<u>Amount</u>
2009	\$	17,200
2010		2,100
2011		2,100
2012		2,100
2013		2,100
Total	\$	<u>25,600</u>

(9) Trust Certificates.

A trust agreement dated May 29, 1998, and October 19, 1999, was executed by and between the school district and East Central Mississippi Non-Profit Corporation, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$950,000 and \$750,000. Approximately \$1,680,516 was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project"); the remainder of approximately \$19,484 was used to pay the cost of issuance. The project is leased to the school district in accordance with the provisions of the emergency School Leasing Authority Act as described in Section 37-7-351, *et seq.*, Miss. Code Ann. (1972). The lease represents a capital lease under which ownership of the project will transfer to the school district upon complete retirement of the trust certificates. The school district is obligated to make lease payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The lease rental payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates.

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the lease; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 5A for details regarding the Enterprise School District debt service requirement on the trust certificates.

(10) Qualified Zone Academy Bonds.

Enterprise School District

Notes to the Financial Statements For the Year Ended June 30, 2008

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary school, in partnership with the business community. The school district, in agreement with Bank of America, has entered into such an arrangement dated 08-12-2004.

This agreement establishes a method of repayment for a qualified interest-free debt instrument. The agreement requires the school district to deposit funds annually into a sinking fund account on or before August 11. The amount accumulated in the sinking fund at the end of the period will be sufficient to retire the debt. The amount of the transfer is shown on Exhibit D in the amount of \$120,000 as an other financing source in the QZAB Bond Fund and an other financing use in the Other Governmental Funds column of the Exhibit. The following schedule reports the yearly deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2009	\$ 117,029
2010	117,029
2011	117,029
2012	88,500
2013	88,500
2014 - 2016	205,128
Total	\$ <u>733,215</u>

(11) Risk Management.

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

Participation in Public Entity Risk Pool.

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 121 school districts and one community college and covers risks of loss arising from injuries to the school district's employees. The Mississippi Workman's Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Bancorp South in Jackson, Mississippi. The funds in the trust account are used to pay any claim up to \$700,000. For a claim exceeding \$700,000, MSBAWCT has insurance which will pay the excess up to the statutory amount required by the Mississippi

Enterprise School District

Notes to the Financial Statements
For the Year Ended June 30, 2008

Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

REQUIRED SUPPLEMENTARY INFORMATION

ENTERPRISE SCHOOL DISTRICT

Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2008

Exhibit 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 1,776,412	2,750,348	2,750,351	973,936	3
State sources	3,976,394	4,006,953	4,006,953	30,559	0
Federal sources	17,308	16,912	16,912	(396)	(0)
Total Revenues	<u>5,770,114</u>	<u>6,774,213</u>	<u>6,774,216</u>	<u>1,004,099</u>	<u>3</u>
Expenditures:					
Instruction	3,488,367	3,761,944	3,758,891	(273,577)	3,053
Support services	1,497,583	1,849,384	1,849,388	(351,801)	(4)
Sixteenth section	23,200	1,014	1,014	22,186	0
Facilities Acquisition and Construction					
Debt service:					
Principal	139,168	139,168	161,769	0	(22,601)
Interest	43,952	44,000	21,399	(48)	22,601
Total Expenditures	<u>5,192,270</u>	<u>5,795,510</u>	<u>5,792,461</u>	<u>(603,240)</u>	<u>3,049</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>577,844</u>	<u>978,703</u>	<u>981,755</u>	<u>400,859</u>	<u>3,052</u>
Other Financing Sources (Uses):					
Proceed of Loan		67,000	67,000	67,000	0
Insurance loss recoveries		10,979	10,979	10,979	(0)
Sale of transportation equipment		102	102	102	-
Operating transfers in	173,000	127,275	64,633	(45,725)	(62,642)
Operating transfers out	(196,900)	(1,059,827)	(997,185)	(862,927)	62,642
Total Other Financing Sources (Uses)	<u>(23,900)</u>	<u>(854,471)</u>	<u>(854,471)</u>	<u>(830,571)</u>	<u>0</u>
Net Change in Fund Balances	<u>553,944</u>	<u>124,232</u>	<u>127,284</u>	<u>(429,712)</u>	<u>3,052</u>
Fund Balances:					
July 1, 2007	680,963	797,920	820,204	116,957	22,284
Prior period adjustments (Note)		25,336		25,336	(25,336)
July 1, 2007, as restated	<u>680,963</u>	<u>823,256</u>	<u>820,204</u>	<u>142,293</u>	<u>(3,052)</u>
June 30, 2008	<u>\$ 1,234,907</u>	<u>947,488</u>	<u>947,488</u>	<u>(287,419)</u>	<u>(0)</u>

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

ENTERPRISE SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Sixteenth Section Interest Funds
 For the Year Ended June 30, 2008

Exhibit 2

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources		31,057	31,057	31,057	(0)
Sixteenth section sources	250,100	148,530	143,673	(101,570)	(4,857)
Total Revenues	250,100	179,587	174,730	(70,513)	(4,857)
Excess (Deficiency) of Revenues					
Over Expenditures	250,100	179,587	174,730	(70,513)	(4,857)
Other Financing Sources (Uses):					
Operating Transfers Out	(620,000)			(620,000)	
Total Other Financing Sources (Uses)	(620,000)	0	0	(620,000)	0
Net Change in Fund Balances	(369,900)	179,587	174,730	549,487	(4,857)
Fund Balances:					
July 1, 2007	1,324,451	1,373,292	1,378,150	48,841	4,858
June 30, 2008	\$ 954,551	1,552,879	1,552,880	598,328	1

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

Enterprise School District

Notes to the Required Supplementary Information
For the Year Ended June 30, 2008

Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

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

SUPPLEMENTAL INFORMATION

Enterprise School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008

Schedule 1

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE/		
Child Nutrition Cluster:		
School Breakfast Program	10.553	45,371
National School Lunch Program	10.555	195,830
Total Child Nutrition cluster		<u>241,201</u>
Total passed-through the MDE		<u>241,201</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE		<u><u>241,201</u></u>
 FEDERAL COMMUNICATION COMMISSION		
Administered through Universal Service Administrative Company:		
The school and libraries program of the Universal Service Fund	32.xxx	16,912
Total Federal Communication Commission		<u>16,912</u>
 U. S. DEPARTMENT OF EDUCATION/		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	115,000
Safe and Drug-Free Schools and Communities - State Grants	84.186	4,925
State Grants for Innovative Programs	84.298	58
Education Technology - State Grants	84.318	600
Improving teacher quality - State Grants	84.367	35,590
		<u>156,173</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	181,610
Special Education - Preschool Grants	84.173	15,223
Total Special Education Cluster		<u>196,833</u>
Total passed-through the MDE		<u>353,006</u>
TOTAL U. S. DEPARTMENT OF EDUCATION		<u><u>353,006</u></u>
 U.S. DEPARTMENT OF HOMELAND SECURITY		
Disaster Grants - Public Assistance (Presidentially declared disasters)	97.036	1,903
Total Department of Homeland Security		<u>1,903</u>
 TOTAL FOR ALL FEDERAL AWARDS		 <u><u>\$613,022</u></u>

Notes to Schedule

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

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

Expenditures	Total	Instruction and Other Student Expenditures			Other
		Instructional	General Administration	School Administration	
Salaries and fringe benefits	\$ 5,397,077	4,057,087	383,715	320,490	635,785
Other	1,782,081	509,842	114,846	52,137	1,105,256
Total	\$ 7,179,158	4,566,929	498,561	372,627	1,741,041
Total number of students *	842				
Cost per student	\$ 8,526	5,424	592	442	2,068

For purposes of this schedule, the following columnar descriptions are applicable:
Instruction and other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type. (all the 1000, 2100 & 2200 functional codes)
General Administration - includes expenditures for the following functions: Support Services - General Administration (2300s); Support Services - Business (2500s)
School Administration - includes expenditures for the following functions: Support Services - School Administration (2400s)
Other - includes all expenditure functions not included in Instruction or Administration categories

* Includes the number of students reported on the ADA report submission for month 9, which is the final submission for the fiscal year.
 Note: includes 100 and 200 range object codes on the "Salaries and fringe benefits" line; all other expenditures on the "Other" line

OTHER SUPPLEMENTAL INFORMATION

ENTERPRISE SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund

Last Four Years

	2008	2007*	2006*	2005*
Revenues:				
Local sources	\$ 2,750,351	1,893,035	1,702,475	1,531,247
State sources	4,006,953	3,663,917	3,515,026	3,380,343
Federal sources	16,912	16,697	16,434	17,308
Total Revenues	6,774,216	5,573,649	5,233,935	4,928,898
Expenditures:				
Instruction	3,758,891	3,298,119	3,133,698	3,077,488
Support services	1,849,388	1,865,294	1,661,901	1,600,208
Sixteenth section			15,049	13,002
Facilities acquisition and construction	1,014	3,442		
Debt service:				
Principal	161,769	134,168	128,168	157,401
Interest	21,399	50,559	56,836	
Other				28,636
Total Expenditures	5,792,461	5,351,582	4,995,652	4,876,735
Excess (Deficiency) of Revenues over Expenditures	981,755	222,067	238,283	52,163
Other Financing Sources (Uses):				
Proceeds of loans	67,000			
Insurance loss recoveries	10,979		60,543	5,280
Sale of transportation equipment	102	1,253	459	469
Operating transfers in	64,633	231,625		565,788
Operating transfers out	(997,185)	0	(490,833)	(480,582)
Total Other Financing Sources (Uses)	(854,471)	232,878	(429,831)	90,955
Net Change in Fund Balances	127,284	454,945	(191,548)	143,118
Fund Balances:				
July 1,	820,204	365,259	556,807	413,689
June 30,	\$ 947,488	820,204	365,259	556,807

*SOURCE - PRIOR YEAR AUDIT REPORTS

ENTERPRISE SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

All Governmental Funds

Last Four Years

	2008	2007*	2006*	2005*
Revenues:				
Local sources	\$ 3,139,255	2,203,835	2,002,150	1,850,860
Intermediate sources				
State sources	4,210,210	3,824,200	3,712,327	3,662,520
Federal sources	583,518	600,858	622,989	636,648
Sixteenth section sources	163,092	204,786	338,809	284,798
Total Revenues	8,096,075	6,833,679	6,676,275	6,434,826
Expenditures:				
Instruction	4,283,838	3,809,781	3,806,864	3,704,039
Support services	2,094,655	2,105,060	1,935,132	1,807,751
Noninstructional services	395,829	380,307	338,506	317,618
Sixteenth section	30,581	61,092	91,590	47,828
Facilities acquisition and construction	189,453	363,034	1,378,254	347,227
Debt service:				
Principal	161,769	131,168	128,168	159,818
Interest	23,033	50,559	56,836	90,582
Other				28,636
Total Expenditures	7,179,158	6,904,001	7,735,350	6,503,499
Excess (Deficiency) of Revenues				
over Expenditures	916,917	(70,322)	(1,059,075)	(68,673)
Other Financing Sources (Uses):				
Proceeds of loan	67,000			1,700,000
Insurance loss recoveries	10,979		60,543	5,280
Sale of transportation equipment	102	1,253	459	469
Operating transfers in	1,076,250	757,202	493,649	1,100,940
Other financing sources	120,000	120,000		
Operating transfers out	(1,076,250)	(757,202)	(493,649)	(1,100,940)
Other financing uses	(143,706)	(120,000)		(250,000)
Total Other Financing Sources (Uses)	54,375	1,253	61,002	1,455,749
Net Change in Fund Balances	971,292	(69,069)	(998,073)	1,387,076
Fund Balances:				
July 1,	3,258,029	2,926,224	3,928,905	2,542,647
Prior Period Adjustment		394,958		
July 1, Restated	3,258,029	3,321,182	3,928,905	2,542,647
Increase (Decrease) in reserve for inventory	(1,208)	5,916	(4,608)	(818)
June 30,	\$ 4,228,113	3,258,029	2,926,224	3,928,905

*SOURCE - PRIOR YEAR AUDIT REPORTS

INTERNAL CONTROL AND COMPLIANCE REPORTS

FORTENBERRY & BALLARD, PC

Certified Public Accountants

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

Superintendent and School Board
Enterprise School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Enterprise School District as of and for the year ended June 30, 2008, which collectively comprise the Enterprise School District's basic financial statements and have issued our report thereon dated April 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, process, record, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the school district's financial statements that is more than inconsequential will not be prevented or detected by the school district's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements

AICPA & MSCPA

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are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
April 29, 2009

Certified Public Accountants

FORTENBERRY & BALLARD, PC
Certified Public Accountants

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

Superintendent and School Board
Enterprise School District

Compliance

We have audited the compliance of the Enterprise 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 school district's major federal programs are identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contract and grants applicable to each of its major federal programs is the responsibility of the school district's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe 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, the Enterprise 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 Enterprise School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the school district's internal control over compliance with 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.

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
April 29, 2009

Certified Public Accountants

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

Superintendent and School Board
Enterprise School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Enterprise School District as of and for the year ended June 30, 2008, and have issued our report thereon dated April 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$940 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 did not disclose any instances of noncompliance with other state laws and regulations.

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

is not intended to be and should not be used by anyone other than these specified parties.
However, this report is a matter of public record and its distribution is not limited.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
April 29, 2009

Certified Public Accountants

FINDINGS, CORRECTIVE ACTION PLAN AND AUDIT FOLLOW-UP

Enterprise School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2008

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements: Unqualified.
2. Material noncompliance relating to the financial statements? No.
3. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? No.

Federal Awards:

4. Type of auditor's report issued on compliance for major federal programs: Unqualified.
5. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? No.
6. Any audit findings reported as required by Section __.510(a) of OMB Circular A-133? No.
7. Federal programs identified as major programs:
 - a. Child Nutrition Cluster:
CFDA # 10.553
CFDA # 10.555
 - b. Title I Grants to Local Educational Agencies:
CFDA # 84.010
8. The dollar threshold used to distinguish between Type A and Type B programs \$300,000.
9. Auditee qualified as a low-risk auditee? Yes.
10. Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? No.

Section 2: Findings Relating to the Financial Statements

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

Section 3: Findings and Questioned Costs for Federal Awards

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

Enterprise School District
503 River Road
Enterprise, MS 39330
Arthur H. McMillan - Superintendent
Karen Benefield - Business Manager

AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS

As required by Section ____,315(b) of OMB Circular A-133, the Enterprise School District has prepared and hereby submits the following summary of prior year audit findings as of June 30, 2008:

<u>Finding</u>	<u>Status</u>
2007-1	Corrected

