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VICKSBURG WARREN SCHOOL DISTRICT
Audited Financial Statements
For the Year Ended June 30, 2008

Bridgers & Company, P.C.
Certified Public Accountants
Vicksburg, Mississippi

VICKSBURG WARREN SCHOOL DISTRICT

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VICKSBURG WARREN SCHOOL DISTRICT

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VICKSBURG WARREN SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

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

Superintendent and School Board
Vicksburg Warren School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Vicksburg Warren School District as of and for the year ended June 30, 2008, which collectively comprise the Vicksburg Warren School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Vicksburg Warren 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 Vicksburg Warren 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 June 17, 2009, on our consideration of the Vicksburg Warren 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 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 5 through 11 and the Budgetary Comparison Schedule and corresponding notes on pages 45 through 48 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 inquires 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 Vicksburg Warren 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 Balance, General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balance, 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.



Bridgers & Company, P.C.
Vicksburg, Mississippi
June 17, 2009

VICKSBURG WARREN SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

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

The discussion and analysis of Vicksburg Warren 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 statement, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

This discussion and analysis is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

FINANCIAL HIGHLIGHTS

Total net assets increased by \$3,098,064 which represents 8.10% increase from fiscal year 2007

General revenues account for \$64,716,315 in revenue, or 84.01% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,321,985 or 15.99% of total revenues.

The District had \$73,940,236 in expenses; only \$12,321,985 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$ 64,716,315 were adequate to provide for these programs.

Among major funds, the General Fund had \$62,433,393 in revenues and \$58,778,899 in expenditures. The General Fund's fund balance increased \$1,915,900 from the prior year.

Capital assets, net of accumulated depreciation, decreased by \$128,129. Long-term debt decreased by \$1,475,136.

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 are comprised of 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 indication 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 14 -15 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 government 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 17 and 19, 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 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 16 – 19 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 20.

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 22 – 42 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 45 – 48 of this report.

Additionally, a schedule of expenditures of federal awards is required by OMB Cir. A-133 and a schedule of instructional, administrative and other expenditures can be found on pages 50 and 52, respectively. Also, as required by the Mississippi Department of Education, a statement of revenues, expenditures and changes in fund balance for the General Fund and All Governmental Funds for the last four years can be found on page 54 and 55.

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 \$41,357,475 as of June 30, 2008.

By far the largest portion of the District's net assets (51%) reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District used these capital assets to provide services to its students; consequently these assets are not available for future spending.

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

The following table presents a summary of the District's net assets for the fiscal years ended June 30, 2008 and June 30, 2007.

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	Percentage <u>Change</u>
Current assets	\$ 22,743,104	21,208,037	7.23%
Capital assets, net	<u>39,996,877</u>	<u>40,125,006</u>	-0.01%
Total assets	62,739,981	61,333,043	2.29%
Current liabilities	1,517,232	1,733,222	-12.46%
Long-term debt outstanding	<u>19,865,274</u>	<u>21,340,410</u>	-6.91%
Total liabilities	21,382,506	23,073,632	-7.33%
Net assets:			
Invested in capital assets, net of related debt	20,966,551	19,399,755	8.07%
Restricted	14,495,198	14,387,196	0.75%
Unrestricted	<u>5,895,726</u>	<u>4,472,460</u>	31.82%
Total net assets	\$ <u>41,357,475</u>	<u>38,259,411</u>	8.09%

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

Current assets increased by \$ 1,535,067, resulting from operations. Property values in Warren County increased significantly from the prior year, resulting in increased revenue for the district.

The principal retirement of \$1,694,925 of long-term debt.

Change in net assets. The District's total revenues for the fiscal year ended June 30, 2008 were \$77,038,300. The total cost of all programs and services was \$73,940,236. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2008 and 2007.

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	Percentage <u>Change</u>
Revenues:			
Program revenues			
Charges for services	\$ 502,888	521,188	-3.63%
Operating grants and contributions	11,819,097	10,581,627	11.69%
General revenues			
Property taxes	23,524,526	21,898,644	7.42%
Grants and contributions not restricted	37,878,042	35,061,271	8.03%
Other	<u>3,313,747</u>	<u>3,497,274</u>	-5.53%
Total revenues	77,038,300	71,560,004	7.65%
Expenses:			
Instruction	41,728,347	39,440,838	5.79%
Support services	26,488,032	25,273,565	4.80%
Non-instructional	4,397,581	3,853,564	14.11%
Sixteenth section	47,274	48,792	-3.21%
Facilities acquisition and construction	0	3,300	-100.00%
Interest on long-term liabilities	<u>1,279,002</u>	<u>1,248,792</u>	2.41%
Total expenses	<u>73,940,236</u>	<u>69,868,851</u>	5.82%
Increase in net assets	\$ <u>3,098,064</u>	<u>1,691,153</u>	83.19%

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

	Total Expenses		% Change
	2008	2007	2007-2008
Instruction	41,728,347	\$39,440,838	5.79%
Support services	26,488,032	25,273,565	4.80%
Non-instructional	4,397,581	3,853,564	14.11%
Sixteenth section	47,274	48,792	-3.12%
Facilities acquisition and construction	0	3,300	-100.00%
Interest on long-term liabilities	1,279,002	1,248,792	2.41%
Total expenses	73,940,236	\$69,868,851	5.82%

Net cost of governmental activities \$61,618,251, was financed by general revenue, which is made up of primarily property taxes \$23,524,526 and state revenue \$37,068,203.

Investment earnings accounted for \$277,572 of funding.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$21,653,383, an increase of \$ 1,729,674 due primarily to increased revenue. \$15,755,715 or 72.76% of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of \$5,898,668 or 27.24% is reserved or designated to indicate that it is not available for spending because it has already been committed.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$1,915,900 a result of increased revenues. The fund balance of Other Governmental Funds showed a decrease of \$425,913.

Other major funds with respective fund balance changes are as follows:

Title IA Fund had a fund balance increase of \$0.

16th Section Fund had a fund balance increase of \$277,942 due to investment performance and timber cutting.

16th Section Principal Fund had a fund balance decrease of \$38,255 due to earnings transferred. This was caused by timing differences.

BUDGETARY HIGHLIGHTS

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

The original budgeted amounts underestimated for potential cuts by the Mississippi Legislature.

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 the report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2008, the District's total capital assets were \$64,950,682, including school buildings, busses, other school vehicles and furniture and equipment. This amount represents an increase of \$1,208,795 from the previous year. Total accumulated depreciation as of June 30, 2008 was \$24,953,805 and total depreciation expense for the year was \$1,452,228, resulting in total net capital assets of \$39,996,877.

	Capital Assets at June 30 (Net of Depreciation)		Total % Change
	2008	2007	
Land	\$ 983,055	983,055	0.00%
Construction in progress	1,416,067	1,540,511	-8.08%
Buildings	33,586,078	34,064,667	-1.41%
Building improvements	804,379	760,643	5.74%
Improvements other than buildings	396,326	384,222	3.15%
Mobile equipment	2,389,017	2,049,213	16.58%
Furniture and equipment	421,955	342,695	23.12%
Totals	\$ 39,996,877	40,125,006	-0.32%

Additional information of the District's capital assets can be found in Note 5 on page 34 of this report.

Debt Administration. At June 30, 2008, the District had \$10,810,000 in limited obligation bonds and \$9,055,274 other long-term debt outstanding. A total of \$ 1,665,326 principal payments will be due within one year.

The District maintains a AA- bond rating.

Outstanding Long-Term Debt at June 30

	2008	2007	Total % Change
Limited obligation bonds payable	\$ 10,810,000	11,675,000	-7.41%
Certificates of participation payable	8,015,000	8,550,000	-6.26%
Installment purchases loans payable	205,326	500,251	-58.96%
Compensated absences payable	<u>834,948</u>	<u>615,159</u>	35.72%
Totals	\$ <u>19,865,274</u>	<u>21,340,410</u>	-6.92%

Additional information of the District's long-term debt can be found in Note 6 on page 36 of this report.

CURRENT ISSUES

The Vicksburg Warren School District is financially stable. The District is proud of its community support of the public schools.

The District is not aware of any current issues, decisions, or conditions that would effect the financial condition or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations. The District, however, remains concerned about reductions in government allocations and local tax collections.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Vicksburg Warren School District, 1500 Mission 66, Vicksburg, MS 39180.

VICKSBURG WARREN SCHOOL DISTRICT

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VICKSBURG WARREN SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2008

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 15,540,825
Investments	356,570
Due from other governments	2,279,423
Lease receivable, net	574,324
Other receivables, net	15,442
Inventories and prepaid items	195,380
Restricted assets	3,781,140
Capital assets, not being depreciated:	
Land	983,055
Construction in progress	1,416,067
Capital assets net of accumulated depreciation:	
Buildings	33,586,078
Building improvements	804,379
Improvements other than buildings	396,326
Mobile equipment	2,389,017
Furniture and equipment	421,955
Total assets	<u>62,739,981</u>
LIABILITIES	
Accounts payable and accrued liabilities	354,125
Unearned revenue	735,596
Interest payable on long-term liabilities	427,511
Long-term liabilities (due within one year)	
Capital-related liabilities	1,665,326
Non-capital liabilities	
Long-term liabilities (due beyond one year)	
Capital-related liabilities	17,365,000
Non-capital liabilities	834,948
Total liabilities	<u>21,382,506</u>
NET ASSETS	
Invested in capital assets, net of related debt	20,966,551
Restricted net assets	
Expendable:	
School based activities	9,220,421
Debt service	563,137
Capital improvements	596,246
Forestry improvements	90,431
Unemployment benefits	188,976
Non-expendable:	
Sixteenth section	3,835,987
Unrestricted	5,895,726
Total net assets	<u>\$ 41,357,475</u>

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

Vicksburg Warren School District
Statement of Activities
For the Year Ended June 30, 2008

Exhibit B

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Governmental Activities Total</u>
Governmental Activities:					
Instruction	\$ 41,728,347	197,001	6,767,394		(34,763,952)
Support services	26,488,032		2,331,874		(24,156,158)
Noninstructional services	4,397,581	305,887	2,719,829		(1,371,865)
Sixteenth section	47,274				(47,274)
Interest on long-term liabilities	1,279,002				(1,279,002)
Total governmental activities	\$ 73,940,236	502,888	11,819,097		(81,618,251)

General Revenues:

Taxes:

Property taxes - general purposes levies	\$ 23,524,459
Property taxes- debt service levies	67

Unrestricted grants and contributions:

Slate	37,068,203
Federal	809,639
Unrestricted investment earnings	277,572
Sixteenth section sources	843,991
Other	2,192,184

Total general revenues 64,716,315

Change in Net Assets 3,098,064

July 1, 2007 Net Assets 38,259,411

Net Assets - Ending \$ 41,357,475

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

Vicksburg Warren School District
 Balance Sheet - Governmental Funds
 June 30, 2008

Exhibit C

	Major Funds				OTHER Govern- mental Funds	Total Governmental Funds
	General Fund	Title IA Fund	16th Sec. District Fund	16th Sec. Principal Fund		
ASSETS						
Cash and cash equivalents	\$ 5,326,695		6,943,326	3,781,140	3,270,804	19,321,965
Investments					356,570	356,570
Due from other governments	1,109,670	185,418			984,335	2,279,423
Lease receivable, net			360,376		213,946	574,324
Other receivables, net	15,392	50				15,442
Due from other funds	407,035					407,035
Advances to other funds				54,847		54,847
Inventories and prepaid items	81,440				113,940	195,380
Total assets	6,940,232	185,468	7,303,702	3,835,987	4,839,597	23,204,988
LIABILITIES & FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	154,710	78	10,269		189,068	354,125
Due to other funds		185,390			221,645	407,035
Advances from other funds	54,847					54,847
Unearned revenue			516,916		218,680	735,596
Total liabilities	209,557	185,468	529,185	0	627,393	1,551,803
Fund balances:						
Reserved for:						
Advances				54,847		54,847
Inventory					113,940	113,940
Prepaid items	81,440					81,440
Unemployment Benefits					188,976	188,976
Forestry Improvements					90,431	90,431
Capital improvements					588,246	588,246
Debt Service					990,648	990,648
Permanent funds				3,781,140		3,781,140
Undesignated / unreserved						
Reported in:						
General fund	6,649,235					6,649,235
Special revenue funds			8,774,517		2,331,863	9,106,480
Total fund balances	6,730,675	0	8,774,517	3,835,987	4,312,204	21,653,383
Total liabilities & fund balances	\$ 6,940,232	185,468	7,303,702	3,835,987	4,839,597	23,204,988

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

Vicksburg Warren School District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 June 30, 2008

Exhibit C-1

	<u>Amount</u>
Total fund balances - governmental funds	\$ 21,653,383
Amounts reported for governmental activities in the statement of net assets are different because:	
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$ 24,953,805.	39,996,877
2. Long - term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Interest payable on long term liabilities	-427,511
Limited obligation bonds payable	-10,810,000
Certificates of participation payable	-8,015,000
Installment purchases loans payable	-205,326
Compensated absences payable	-834,948
Total net assets - governmental activities	<u>\$ 41,357,475</u>

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

Vicksburg Warren School District
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
 For the Year Ended June 30, 2008

Exhibit D

	Major Funds				Other Govern- mental Funds	Total Governmental Funds
	General Fund	Title IA Fund	16th Sec. District Fund	16th Sec. Principal Fund		
REVENUES						
Local sources	\$ 25,000,289				1,410,678	26,410,967
State sources	38,508,726				2,722,077	39,228,803
Federal sources	925,378	2,516,018			7,025,940	10,468,336
Sixteenth section sources			577,188	158,239	108,584	843,991
Total revenues	<u>62,433,393</u>	<u>2,516,018</u>	<u>577,188</u>	<u>158,239</u>	<u>11,267,259</u>	<u>76,952,097</u>
EXPENDITURES						
Instruction	35,888,838	1,811,885			3,898,232	40,978,955
Support services	22,811,174	594,762			3,352,460	26,558,396
Noninstructional services	168,821	43,937			4,087,653	4,301,411
Sixteenth section					47,274	47,274
Facilities acquisition and construction	11,790				432,002	443,792
Debt Service						
Principal	294,825				1,400,000	1,694,825
Interest	22,351				1,278,034	1,300,385
Total expenditures	<u>58,778,898</u>	<u>2,250,584</u>	<u>0</u>	<u>0</u>	<u>14,293,655</u>	<u>75,323,136</u>
Excess (deficiency) of revenues over expenditures	<u>3,654,494</u>	<u>285,434</u>	<u>577,188</u>	<u>158,239</u>	<u>(3,026,396)</u>	<u>1,628,959</u>
OTHER FINANCING SOURCES (USES)						
Insurance loss recovery	89,427					89,427
Sale of transportation equipment	7,274					7,274
Transfers in	931,804				2,767,099	3,698,903
Transfers out	(2,767,099)	(265,434)	(289,246)	(198,494)	(170,830)	(3,698,903)
Total other financing sources and uses	<u>(1,738,594)</u>	<u>(265,434)</u>	<u>(289,246)</u>	<u>(198,494)</u>	<u>2,596,469</u>	<u>95,701</u>
Net change in fund balances	1,915,900	0	277,942	(38,255)	(429,927)	1,725,660
Fund balances:						
July 1, 2007	4,814,775		8,498,575	3,874,242	4,738,117	19,923,709
Increase (decrease) in reserve for inventory					4,014	4,014
June 30, 2008	<u>\$ 6,730,675</u>	<u>0</u>	<u>8,774,517</u>	<u>3,835,987</u>	<u>4,312,204</u>	<u>21,853,383</u>

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

Vicksburg Warren 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

Exhibit D-1

	<u>Amount</u>
Net change in fund balances - governmental funds	\$ 1,725,660
Amounts reported for governmental activities in the statement of activities are different because:	
1. Governmental funds reported capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchases amounted to \$ 1,338,611 and depreciation expense amounted to \$ 1,452,228 and net book value of capital assets sold during the year was \$ 14,512.	-128,129
2. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of activities.	1,694,925
3. Governmental funds recognize expenditures when paid from expendable available financial resources, while in the statement of activities, expenditures are recognized when incurred. The changes in the following accounts have a direct effect in the difference in the change between governmental fund balance and the change reflected in the statement of net assets.	
Compensated absences	-219,789
Accrued interest on bonds	21,383
Inventory adjustment	4,014
	<hr/>
Change in net assets of governmental activities	\$ <u>3,098,064</u>

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

Vicksburg Warren School District
Statement of Fiduciary Assets and Liabilities
June 30, 2008

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 3,304,491
	<hr/>
Total Assets	<u>3,304,491</u>
Liabilities	
Accounts payable and accrued liabilities	3,121,393
Due to student clubs	183,098
	<hr/>
Total Liabilities	\$ <u>3,304,491</u>

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

VICKSBURG WARREN SCHOOL DISTRICT

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Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies.

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

A. Financial Reporting Entity.

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a 5 member board to which each member was elected by the citizens of each defined county district.

For financial reporting purposes, the Vicksburg Warren 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 Standard's 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.

Blended component unit.

The Hancock Bank Leasing Authority ("the Authority") as explained in the following paragraph is considered to be a blended component unit as determined by Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* and is included in the district's reporting entity.

The Authority is governed by a Hancock Bank member board which was appointed by the school district's governing body. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, equity, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see note 12).

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

B. Basis of Presentation.

Government - Wide Financial Statements :

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by 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.

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

Title IA Fund - This is a special revenue fund used to account for funds received under a federal program designed to reimburse the district for instructional expenses incurred in educating at risk students.

16th Section District Fund - This is a special revenue fund that accounts for the expendable activity of the Sixteenth Section trust monies.

16th Section Principal Fund - This is a permanent fund, used to account for the funds which cannot be expended.

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

Additionally the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

Permanent Funds - Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not the principal, may be used for purposes that support the district's programs.

FIDUCIARY FUNDS

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

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

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

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

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

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

Revenues from the Mississippi Adequate Education Program Revenues are appropriated on a fiscal year basis and are recorded at the time 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 *Financial Accounting for Local and State School Systems, 2003* issued by the U.S. Department of Education.

E. Encumbrances.

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

F. Assets, liabilities, and net assets or equity

1. Cash, Cash equivalents and Investments

Cash and cash equivalents.

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The school district deposits excess funds in the financial institutions selected by the school board. State statutes specify how these depositories are to be selected.

Investments.

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or 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.

Investments for the district as well as for its component units are reported at fair market value.

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

2. Receivables and payables.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the 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 costs of governmental fund type inventories are reported as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

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.

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

6. Capital Assets.

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

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

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

	Capitalization Policy	Estimated Useful life
Land	\$ 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 amount 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 a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/ or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

The liability for these compensated absences is recorded as long-term liabilities in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources only if the payable has matured, for example, an employee retires.

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

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

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

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

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

Reserved for advances - An account used to offset advances recorded in the asset accounts since they do not constitute available spendable resources and are not a component of net assets.

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

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

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

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

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

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

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

(2) Cash and Cash Equivalents and Investments.

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against 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 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.

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

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 \$ 19,321,965 and \$ 3,304,491 , respectively. The bank balance was \$ 24,815,852.

Custodial Credit Risk - Deposits . Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a formal 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 \$ 24,815,852 was exposed to custodial credit risk.

Investments.

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

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities			
Money Market Mutual Fund	N/A	<u>\$356,570</u>	Not Rated
Total Investments		<u><u>\$356,570</u></u>	

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

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

Custodial Credit Risk - Investments . Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. The investment in the Hancock Horizon Treasury Money Market Mutual Fund is uninsured and unregistered and is not backed by the full faith and credit of the federal government.

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.

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

(3) Interfund Transactions and Balances.

The following is a summary of Interfund transactions and balances.

A. Due From / To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title IA	\$ 185,390
	Other Governmental	221,645
Total		\$ 407,035

All interfund loans were made from the General Fund to offset deficit cash balances in funds awaiting federal reimbursement.

B. Advances from / to other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
16th Section Principal Fund	General Fund	\$ 54,847
Total		\$ 54,847

The sixteenth section principal loans payable is not reflected on the statement of net assets because these funds were borrowed by the General Fund from Sixteenth Section Trust Fund (Permanent trust) in accordance with Section 29-3-113, Miss. Code Ann., 1972). The revenues and expenditures associated with these transactions were reflected on Exhibit D-1.

Sixteenth section principal loans payable.

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 26,685	2,194	29,079
2010	27,962	1,119	29,081
Total	\$ 54,847	3,313	58,180

C. Interfund Transfers.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Other Governmental	\$ 2,767,099
Title IA	General	265,434
16 Section District Fund	General	289,246
16th Section Principal Fund	General	196,494
Other Governmental	General	170,630
Total		\$ 3,698,903

Transfers in and out were made for funding salaries, indirect cost, debt service and expendable Sixteenth Section Principal Funds.

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

(4) Restricted Assets.

The restricted assets represent the cash balance of \$ 3,781,140, of the Sixteenth Section Principal (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

(5) Capital Assets.

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

	Balance 7-1-2007	Additions	Retirements	Completed Construction	Adjustments	Balance 6-30-2008
<u>Non-depreciable capital</u>						
Land	\$ 983,055					983,055
Construction in progress	1,540,511	306,398		430,842		1,416,067
Total non-depreciable	<u>2,523,566</u>	<u>306,398</u>	<u>0</u>	<u>430,842</u>	<u>0</u>	<u>2,399,122</u>
<u>Depreciable Capital Assets</u>						
Buildings	51,700,668			430,842		52,131,510
Building improvements	892,095	88,227				980,322
Improvements other than buildings	877,470	37,376				914,846
Mobile equipment	5,819,929	703,483	114,296			6,409,116
Furniture and equipment	1,928,159	203,127	15,520			2,115,766
Total depreciable capital Assets	<u>61,218,321</u>	<u>1,032,213</u>	<u>129,816</u>	<u>430,842</u>		<u>62,551,560</u>
<u>Less accumulated</u>						
Buildings	17,636,001	909,431				18,545,432
Building improvements	131,452	44,491				175,943
Improve other than bldg	493,248	25,272				518,520
Mobile equipment	3,770,716	350,719	101,336			4,020,099
Furniture & equipment	<u>1,585,464</u>	<u>122,315</u>	<u>13,968</u>			<u>1,693,811</u>

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

Total accumulated depreciation	23,616,881	1,452,228	115,304	24,953,805
<hr/>				
Total depreciable capital assets, net	37,601,440	-420,015	14,512	430,842
<hr/>				
Governmental activities capital assets, net	\$ 40,125,006	-113,617	14,512	39,996,877
<hr/> <hr/>				

Depreciation expense was charged to the following governmental functions:

Governmental activities:	Amount
Instruction	\$ 809,472
Support services	537,324
Noninstructional services	105,432
Total depreciation expense	\$ <u>1,452,228</u>

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

Governmental Activities:	Spent to June 30 2008	Remaining Commitment
Redwood addition	\$ 1,354,552	\$ 1,655
Bovina addition	61,515	2,548
Total	\$ <u>1,416,067</u>	\$ <u>4,203</u>

Construction projects included in governmental activities are funded with property taxes.

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

(6) Long - term liabilities.

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

	Balance 07-01-2007	Additions	Reductions	Adjustments	Balance 06-30-2008	Amounts due within one year
A. Limited obligation bonds payable	\$ 11,675,000		865,000		10,810,000	900,000
B. Certificates of participation payable	8,550,000		535,000		8,015,000	560,000
C. Installment purchases loans payable	500,251		294,925		205,326	205,326
D. Compensated absences payable	615,159	219,789			834,948	0
Total	\$ 21,340,410	219,789	1,694,925		19,865,274	1,665,326

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

A. Limited obligation bonds payable.

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement bonds, Series 1998	4.5%-5.75%	02-01-1998	02-01-2010	14,910,000	1,740,000
State aid capital improvement bonds, Refunding	3.5%-3.9%	10-31-2006	10-31-2018	9,215,000	9,070,000
Total				\$ 24,125,000	10,810,000

Details of the district's June 30, 2008 limited obligation bonds indebtedness are as follows:

1. Limited obligation bond issue date 02-01-1998

	Year Ending			
	June 30	Principal	Interest	Total
2009	850,000	49,190	899,190	
2010	890,000	40,940	930,940	
Total	\$ 1,740,000	90,130	1,830,130	

There are no terms by which the interest rates change other than the timelines based on the sale of the bonds. This debt will be retired from the Debt Service Fund.

2. Limited obligation bonds issue date 10-31-2006

	Year Ending			
	June 30	Principal	Interest	Total
2009	50,000	278,045	328,045	
2010	50,000	389,270	439,270	
2011	985,000	337,485	1,322,485	
2012	1,020,000	301,040	1,321,040	
2013	1,060,000	263,300	1,323,300	
2014-2018	4,635,000	403,985	5,038,985	
2019	1,270,000	292,474	1,562,474	
Total	\$ 9,070,000	2,265,599	11,335,599	

There are no terms by which the interest rates change other than the timelines based on the sale of the bonds. This debt will be retired from the Debt Service Fund.

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

Total limited obligation bond payments for all issues:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	900,000	327,235	1,227,235
2010	940,000	430,210	1,370,210
2011	985,000	337,485	1,322,485
2012	1,020,000	301,040	1,321,040
2013	1,060,000	263,300	1,323,300
2014-2018	4,635,000	403,985	5,038,985
2019	1,270,000	292,474	1,562,474
\$	<u>10,810,000</u>	<u>2,355,729</u>	<u>13,165,729</u>

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

B. Certificates of participation payable.

As more fully explained in Note 12, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Certificates of participation series 1998	5.40%	12-01-1998	12-01-2018	2,500,000	1,685,000
Certificates of participation series 1999	4.6%-4.75%	04-01-1999	04-01-2019	9,500,000	6,330,000
Total				<u>\$ 12,000,000</u>	<u>8,015,000</u>

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

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

1. Certificates of participation issued 12-01-1998

	<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2009	115,000	87,885	202,885
	2010	125,000	81,405	206,405
	2011	130,000	74,520	204,520
	2012	135,000	67,365	202,365
	2013	145,000	59,805	204,805
	2014-2018	840,000	170,640	1,010,640
	2019	195,000	5,265	200,265
Total		<u>\$ 1,685,000</u>	<u>546,885</u>	<u>2,231,885</u>

This debt will be retired by the debt service fund.

2. Certificates of participation issued 04-01-1999

	<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2009	445,000	294,119	739,119
	2010	470,000	273,649	743,649
	2011	490,000	252,028	742,028
	2012	515,000	229,488	744,488
	2013	540,000	205,799	745,799
	2014-2018	3,145,000	628,281	3,773,281
	2019	725,000	34,438	759,438
Total		<u>\$ 6,330,000</u>	<u>1,917,802</u>	<u>8,247,802</u>

This debt will be retired by the debt service fund.

Total certificates of participation payments for all issues:

	<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2009	560,000	382,004	942,004
	2010	595,000	355,054	950,054
	2011	620,000	326,548	946,548
	2012	650,000	296,853	946,853
	2013	685,000	265,604	950,604
	2014-2018	3,985,000	798,921	4,783,921
	2019	920,000	39,703	959,703
Total		<u>\$ 8,015,000</u>	<u>2,464,687</u>	<u>10,479,687</u>

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

C. Installment purchases loan payable.

The school district has entered into an installment purchase agreement. Property under this installment purchase agreement is composed of the following:

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Energy management Equipment	5.22%	08-04-98	02-06-09	2,380,703	205,326

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

	<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2009	205,326	4,039	209,365
Total	\$	205,326	4,039	209,365

This debt will be retired by the general fund.

D. Compensated absences payable.

As more fully explained in Note 1(F)(7), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307 (5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid.

(7) Other Commitments.

Commitments under construction contracts are described in Note 5.

Operating Leases:

The school district has several operating leases for the following:

1. 15 Canon copiers.
2. 15 Canon imagerunners.

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

Lease expenditures for the year ended June 30, 2008, amounted to \$ 122,850. Future lease payments for these leases are as follows:

Year Ending June 30	Amount
2009	\$ 121,557
2010	123,174
2011	24,488
2012	14,174
2013	6,741
Total	<u>\$ 290,134</u>

(8) Defined Benefit Pension Plan.

Plan Description. The school district contributes to the Public Employee's 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 employer's rate for fiscal year ended June 30, 2008 was 11.85% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contribution to PERS for the fiscal years ending June 30, 2008, 2007, and 2006 were \$ 4,960,849, \$ 4,597,968 and \$ 4,363,055, respectively, which equaled the required contributions for each year.

(9) Sixteenth Section Lands.

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

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

June 30	Amount
2009	176,047
2010	159,887
2011	127,423
2012	82,853
2013	21,262
2014-2018	80,518
2019-2023	29,028
2024-2028	28,388
2029-2033	20,144
Total	\$ 725,550

(10) Contingencies.

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

Litigation. - The school district is party to legal proceedings, many of which occur in the normal course of governmental operations. The district has insurance coverage on all claims except three EEOC claims. Though the district has filed responses to each claim, it is not possible at the present time to estimate the outcome or liability, if any, of the school district with respect to the various proceedings.

(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. 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.

Vicksburg Warren School District
Notes to Financial Statements
For the Year Ended June 30, 2008

(12) Trust Certificates.

A trust agreement dated December 1, 1998, was executed by and between the school district and Hancock Bank of Jackson, Mississippi, as trustee.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$2,500,000. Approximately \$ 2,304,093 was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project"); the remainder of approximately \$ 105,907 was used to pay the cost of issuance.

A trust agreement dated April 1, 1999, was executed by and between the school district and Hancock Bank of Jackson, Mississippi, as trustee.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$9,500,000. Approximately \$ 9,382,949 was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project"); the remainder of approximately \$ 117,051 was used to pay the cost of issuance.

The projects are 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 leases represent capital leases under which ownership of the projects 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 projects will have sufficient value to satisfy the certificates in the event the school district defaults under the leases; therefore, the source of payments of the certificates is the responsibility of the school district. See Note 6 for details regarding the debt service requirement on the trust certificates.

Using the guidance provided in Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards dealing with defining the reporting entity, the trust accounts created by these trust agreements were deemed to constitute an inseparable part of the school district. Therefore, the assets, liabilities, equity, revenues, expenditures and other financing sources/uses of the trust accounts created by these trust agreements are part of the school district's financial statements, thereby eliminating the effects of the lease agreements for financial reporting purposes.

VICKSBURG WARREN SCHOOL DISTRICT

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VICKSBURG WARREN SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Vicksburg Warren School District
 Budgetary Comparison Schedule for the General Fund
 For the Year Ended June 30, 2008

	Budget		Actual GAAP Basis	Variances	
	Original	Amounts Final		Original to Final	Final to Actual
REVENUES					
Local sources	\$ 23,745,124	25,116,833	25,000,289	1,371,709	-116,544
State sources	36,783,666	36,506,726	36,506,726	-276,940	0
Federal sources	250,000	809,839	926,378	559,839	116,539
Total revenues	<u>60,778,790</u>	<u>62,433,398</u>	<u>62,433,393</u>	<u>1,654,608</u>	<u>-5</u>
EXPENDITURES					
Instruction	36,180,096	35,668,838	35,668,838	511,258	0
Support services	23,780,460	22,611,202	22,611,174	1,169,258	28
Noninstructional services	175,703	169,820	169,821	5,883	-1
Facilities acquisition and construction		11,790	11,790	-11,790	0
Principal	294,925	294,925	294,925	0	0
Interest	22,351	22,351	22,351	0	0
Total expenditures	<u>60,453,535</u>	<u>58,778,926</u>	<u>58,778,899</u>	<u>1,674,609</u>	<u>27</u>
Excess (deficiency) of revenues over expenditures	325,255	3,654,472	3,654,494	3,329,217	22
OTHER FINANCING SOURCES (USES)					
Insurance loss recoveries		89,427	89,427	89,427	0
Sale of transportation equipment		7,274	7,274	7,274	0
Transfers in	4,063,569	931,804	931,804	-3,131,765	0
Transfers out	-6,130,437	-2,767,099	-2,767,099	3,363,338	0
Total other financing sources and uses	<u>-2,066,868</u>	<u>-1,738,594</u>	<u>-1,738,594</u>	<u>328,274</u>	
Net change in fund balances	-1,741,613	1,915,878	1,915,900	3,657,491	22
Fund balances:					
July 1, 2007,	3,281,294	4,818,998	4,814,775	1,537,704	-4,223
June 30, 2008	<u>\$ 1,539,681</u>	<u>6,734,876</u>	<u>6,730,675</u>	<u>5,195,195</u>	<u>-4,201</u>

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

Vicksburg Warren School District
 Budgetary Comparison Schedule for the Title IA Fund
 For the Year Ended June 30, 2008

	Budget		Actual GAAP Basis	Variances	
	Original	Amounts Final		Original to Final	Final to Actual
REVENUES					
Federal sources	\$ 2,861,405	2,516,017	2,516,018	-345,388	1
Total revenues	<u>2,861,405</u>	<u>2,516,017</u>	<u>2,516,018</u>	<u>-345,388</u>	<u>1</u>
EXPENDITURES					
Instruction	1,890,106	1,611,884	1,611,885	278,222	-1
Support services	626,136	594,762	594,762	31,374	0
Noninstructional services	61,458	43,937	43,937	17,521	0
Total expenditures	<u>2,577,700</u>	<u>2,250,583</u>	<u>2,250,584</u>	<u>327,117</u>	<u>-1</u>
Excess (deficiency) of revenues over expenditures	283,705	265,434	265,434	-18,271	0
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out	-283,705	-265,434	-265,434	18,271	0
Payment to refunded bond escrow agent					
Total other financing sources and uses	<u>-283,705</u>	<u>-265,434</u>	<u>-265,434</u>	<u>18,271</u>	<u>0</u>
Net change in fund balances	0	0	0	0	0
Fund balances:					
July 1, 2007,	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
June 30, 2008	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

Vicksburg Warren School District
 Budgetary Comparison Schedule for the 16th Section District Fund
 For the Year Ended June 30, 2008

	Budget		Actual GAAP Basis	Variances	
	Original	Amounts Final		Original to Final	Final to Actual
REVENUES					
Sixteenth section sources	\$ 708,392	577,188	577,188	-131,204	0
Total revenues	<u>708,392</u>	<u>577,188</u>	<u>577,188</u>	<u>-131,204</u>	<u>0</u>
EXPENDITURES					
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	708,392	577,188	577,188	-131,204	0
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>-315,000</u>	<u>-299,246</u>	<u>-299,246</u>	<u>15,754</u>	<u>0</u>
Total other financing sources and uses	<u>-315,000</u>	<u>-299,246</u>	<u>-299,246</u>	<u>15,754</u>	<u>0</u>
Net change in fund balances	393,392	277,942	277,942	-115,450	0
Fund balances:					
July 1, 2007	6,682,655	6,496,575	6,496,575	-186,080	0
June 30, 2008	<u>\$ 7,076,047</u>	<u>6,774,517</u>	<u>6,774,517</u>	<u>-301,530</u>	<u>0</u>

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

Vicksburg Warren School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2008

Notes to the Required Supplementary Information

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.

VICKSBURG WARREN SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

Vicksburg Warren School District
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2008

Schedule 1

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education		
Child nutrition cluster: \$		
School breakfast program	10.553	797,957
National school lunch program	10.555	2,569,286
Total child nutrition cluster		<u>3,367,243</u>
Fresh fruit and vegetable program	10.582	45,100
		<u>3,412,343</u>
Total U.S. Department of Agriculture		
<u>U.S. Department of Defense</u>		
Direct Program:		
Reserve Officer's Training Corps	12.XXX	116,540
Total U.S. Department of Defense		<u>116,540</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.XXX	363,144
Total Federal Communications Commission		
<u>U.S. Department of Education</u>		
Direct Programs:		
Impact aid - facilities maintenance	84.040	12,414
Total		<u>12,414</u>
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	3,319,870
Career and technical education - basic grant to states	84.048	113,076
Safe and drug-free schools and communities - state grants	84.186	53,879
State grants for innovative programs	84.298	17,323
Education technology state grants	84.318	25,874
Improving teacher quality - state grants	84.367	658,734
Grants for state assessments and related activities	84.369	690
		<u>4,189,446</u>
Total		<u>4,189,446</u>

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
Special education cluster:		
Special Education - grants to states	84.027	1,850,768
Special Education - preschool grants	84.173	85,425
Total		<u>1,936,193</u>
Total passed-through Mississippi Department of Education		<u>6,125,639</u>
Total U.S. Department of Education		<u>6,138,053</u>
<u>U.S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Education		
Medical assistance program	93.778	<u>434,281</u>
Total U.S. Department of Health and Human Services		<u>434,281</u>
<u>U.S. Department of Homeland Security</u>		
Passed-through the Mississippi Emergency Management Agency		
Disaster grant-public assistance grant (presidentially declared disasters)	97.036	<u>3,975</u>
Total U.S. Department of Homeland Security		<u>3,975</u>
Total for All Federal Awards		<u>\$ 10,468,336</u>

NOTES TO SCHEDULE

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

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

Schedule 2

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administrative</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 57,307,438	44,221,709	1,685,408	3,324,365	8,075,956
Other	<u>18,015,700</u>	<u>4,043,826</u>	<u>729,860</u>	<u>100,488</u>	<u>13,141,526</u>
Total	\$ <u>75,323,138</u>	<u>48,265,535</u>	<u>2,415,268</u>	<u>3,424,853</u>	<u>21,217,482</u>
Total number of students	8,995	8,995	8,995	8,995	8,995
Cost per student	\$ <u>8,374</u>	<u>5,366</u>	<u>269</u>	<u>381</u>	<u>2,359</u>

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

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

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

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

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.

OTHER SUPPLEMENTAL INFORMATION

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

	<u>Unaudited</u>			
	<u>2008</u>	<u>2007*</u>	<u>2006*</u>	<u>2005*</u>
Revenues:				
Local sources	\$ 25,000,289	23,505,607	23,293,095	21,961,686
State sources	36,506,726	33,008,855	30,936,944	28,949,029
Federal sources	<u>926,378</u>	<u>640,486</u>	<u>473,874</u>	<u>365,408</u>
Total Revenue	<u>62,433,393</u>	<u>57,154,948</u>	<u>54,703,913</u>	<u>51,276,123</u>
Expenditures:				
Instruction	35,668,838	33,395,798	30,639,171	29,792,256
Support services	22,611,174	21,335,707	20,902,513	21,016,550
Noninstructional services	169,821	177,749	245,020	567,026
Facilities acquisition and construction	11,790	43,672	3,307	123,505
Debt service:				
Principal	294,925	279,957	265,748	252,260
Interest	<u>22,351</u>	<u>38,313</u>	<u>53,479</u>	<u>61,788</u>
Total Expenditures	<u>58,778,899</u>	<u>55,271,196</u>	<u>52,109,238</u>	<u>51,813,385</u>
Excess (deficiency) of revenues over expenditures	3,654,494	1,883,752	2,594,675	(537,262)
Other Financing Sources (Uses)				
Insurance loss recovery	89,427	76,848	363,072	219,877
Sale of transportation equipment	7,274	400		600
Transfers in	931,804	4,021,688	3,547,382	3,127,333
Transfers out	<u>(2,767,099)</u>	<u>(6,015,217)</u>	<u>(5,898,574)</u>	<u>(5,490,556)</u>
Total Other Financing Sources (Uses)	<u>(1,738,594)</u>	<u>(1,916,281)</u>	<u>(1,988,120)</u>	<u>(2,142,746)</u>
Net Change in Fund Balances	<u>1,915,900</u>	<u>(32,529)</u>	<u>606,555</u>	<u>(2,680,008)</u>
Fund Balance:				
July 1,	4,814,775	4,847,304	4,240,749	6,920,757
June 30,	<u><u>\$ 6,730,675</u></u>	<u><u>4,814,775</u></u>	<u><u>4,847,304</u></u>	<u><u>4,240,749</u></u>

* SOURCE - PRIOR YEAR AUDIT REPORTS

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

	<u>Unaudited</u>			
	<u>2008</u>	<u>2007*</u>	<u>2006*</u>	<u>2005*</u>
Revenues:				
Local sources	\$ 26,410,967	24,695,252	24,380,633	22,978,909
State sources	39,228,803	35,607,654	33,546,776	31,545,901
Federal sources	10,468,336	10,035,243	12,107,148	10,404,210
Sixteenth section sources	<u>843,991</u>	<u>1,114,260</u>	<u>1,018,312</u>	<u>1,078,814</u>
 Total Revenue	 <u>76,952,097</u>	 <u>71,452,409</u>	 <u>71,052,869</u>	 <u>66,007,834</u>
Expenditures:				
Instruction	40,976,955	38,695,618	37,776,376	35,577,831
Support services	26,558,396	24,948,483	25,265,796	24,691,021
Noninstructional services	4,301,411	3,754,780	3,917,395	3,861,013
Sixteenth section	47,274	48,792	64,734	168,482
Facilities acquisition and construction	443,792	1,671,281	126,688	2,603,832
Debt service:				
Principal	1,694,925	1,654,957	1,480,748	1,402,260
Interest	<u>1,300,385</u>	<u>1,129,357</u>	<u>1,121,883</u>	<u>1,191,577</u>
 Total Expenditures	 <u>75,323,138</u>	 <u>71,903,268</u>	 <u>69,753,620</u>	 <u>69,496,016</u>
 Excess (deficiency) of revenues over expenditures	 1,628,959	 (450,859)	 1,299,249	 (3,488,182)
Other Financing Sources (Uses)				
Refunding bonds issued		9,215,000		
Insurance loss recovery	89,427	76,848	399,530	219,877
Sale of transportation equipment	7,274	400		770
Transfers in	3,698,903	8,414,210	6,648,170	5,861,949
Transfers out	(3,698,903)	(8,414,210)	(6,648,170)	(5,861,949)
Payments to refunded bond escrow agent		<u>(8,780,000)</u>		
 Total Other Financing Sources (Uses)	 <u>96,701</u>	 <u>512,248</u>	 <u>399,530</u>	 <u>220,647</u>
 Net Change in Fund Balances	 1,725,660	 61,389	 1,698,779	 (3,267,535)
Fund Balance:				
July 1,	19,923,709	19,814,500	18,126,521	21,393,830
Increase (decrease) in reserve for inventory	<u>4,014</u>	<u>47,820</u>	<u>(10,800)</u>	<u>226</u>
June 30,	<u>\$ 21,653,383</u>	<u>19,923,709</u>	<u>19,814,500</u>	<u>18,126,521</u>

* SOURCE - PRIOR YEAR AUDIT REPORTS

VICKSBURG WARREN SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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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

June 17, 2009

Superintendent and School Board
Vicksburg Warren School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Vicksburg Warren School District as of and for the year ended June 30, 2008, and have issued our report thereon dated June 17, 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 an opinion on the effectiveness of the school district's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over financial reporting.

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

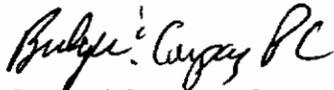
A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the school district's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies 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 are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 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.



Bridgers & Company, P.C.
Vicksburg, Mississippi
June 17, 2009

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

June 17, 2009

Superintendent and School Board
Vicksburg Warren School District

Compliance

We have audited the compliance of the Vicksburg Warren 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 auditors results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

In our opinion, Vicksburg Warren 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

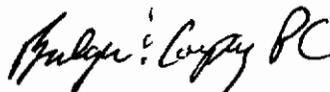
The management of the Vicksburg Warren School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the school 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.

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

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 considered 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.



Bridgers & Company, P.C.
Vicksburg, Mississippi
June 17, 2009

VICKSBURG WARREN SCHOOL DISTRICT

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

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

June 17, 2009

Superintendent and School Board
Vicksburg Warren School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Vicksburg Warren School District as of and for the year ended June 30, 2008, which collectively comprise the Vicksburg Warren School District's basic financial statements and have issued our report thereon dated June 17, 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 \$ 32,942 of classroom supply funds carried over from previous years.

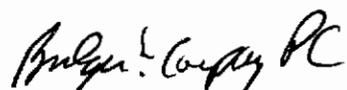
Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, " the auditor shall test to insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

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 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.


Bridgers & Company, P.C.
Vicksburg, Mississippi
June 17, 2009

VICKSBURG WARREN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Vicksburg Warren 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 identified that are not considered to be material weaknesses? | None reported |

Federal Awards:

- | | |
|---|---------------|
| 4. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 5. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency identified that are not considered to be material weaknesses? | None reported |
| 6. Any audit finding(s) reported as required by Section ____, 510 of 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 | |
| c. Special education cluster: | |
| CFDA #84.027 | |
| CFDA #84.173 | |
| d. Improving teacher quality - state grants | |
| CFDA #84.367 | |
| e. The schools and libraries program of the universal service fund CFDA #32.XXX | |
| f. Medical assistance program CFDA # 93.778 | |

- | | |
|---|-----------|
| 8. The dollar threshold to distinguish between type A and type B programs: | \$314,050 |
| 9. Auditee qualified as a low-risk auditee? | No |
| 10. Prior fiscal year 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: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

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