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Audited Financial Statements  
June 30, 2008

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

**West Bolivar School District  
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FINANCIAL AUDIT REPORT

**FORTENBERRY & BALLARD, PC**  
Certified Public Accountants

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

Superintendent and School Board  
West Bolivar School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the West Bolivar School District as of and for the year ended June 30, 2008, which collectively comprise the West Bolivar School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the West Bolivar School District's management. Our responsibility is to express an opinion 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 West Bolivar 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 November 28, 2008 on our consideration of the West Bolivar School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages (7) through (15) and the Budgetary Comparison Schedule and corresponding notes on pages (46) through (53) are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, P.C.  
November 28, 2008

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

#### **FINANCIAL HIGHLIGHTS**

- Total net assets decreased \$375,049, including a prior period adjustment of \$192,479 which represents a 19% decrease from fiscal year 2007.
- General revenues account for \$6,870,711, or 71% of all revenues. This amount was less (amount-wise) and remained the same (percentage-wise) compared to the general revenues for the year 2007, which consisted of \$6,918,748, or 71% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,830,055 or 29% of total revenues compared to \$2,799,966 in 2007.
- The district had \$10,268,294 in expenses, an amount that increased when compared with the \$9,443,028 in expenses for the prior year; only \$2,830,055 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of \$6,870,711 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$6,181,955 in revenues and \$6,749,511 in expenditures. In 2007 the General Fund had \$6,037,499 in revenues and \$5,826,074 in expenditures. The General Fund's fund balance decreased by \$200,653.
- Capital assets, net of accumulated depreciation, showed an increase of \$327,553.
- Long-term debt increased by \$377,710 mainly due to the inception of an energy lease.

#### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1)

government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the school district's operations. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between

governmental funds and governmental activities. These reconciliations are on pages 22 and 26, respectively.

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-45 of this report.

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

The District adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund. This required supplementary information can be found on pages 46-53 of this report.

Additionally, a schedule of expenditures of federal awards, required by OMB Cir. A-133, a schedule of instructional, administrative, and other expenditures for governmental funds and statement of revenues, expenditures and changes in fund balances - general fund and all governmental funds can be found on pages 55, 56, 58 and 59 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net assets.** Net assets may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by \$1,651,625 as of June 30, 2008.

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

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

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

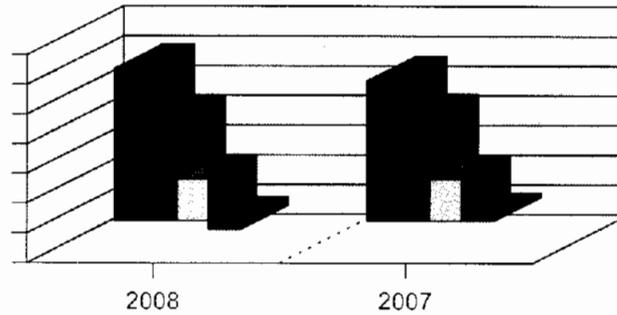
	2008	2007	Percentage Change
<b>Assets</b>			
Current assets	\$ 1,451,838	1,806,985	-20%
Capital assets, net	2,638,405	2,310,852	14%
<b>Total assets</b>	<b>4,090,243</b>	<b>4,117,837</b>	<b>-1%</b>
<b>Liabilities</b>			
Current liabilities	87,872	118,127	-26%
Long-term liabilities	2,350,746	1,973,036	19%
<b>Total liabilities</b>	<b>2,438,618</b>	<b>2,091,163</b>	<b>17%</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	838,153	380,345	120%
Restricted	1,127,879	1,246,317	-10%
Unrestricted	(314,407)	400,012	-179%
<b>Total Net Assets</b>	<b>\$ 1,651,625</b>	<b>2,026,674</b>	<b>-19%</b>

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

- The principal payments of \$163,537 of long-term debt.
- The completed construction of a building in the amount of \$160,785 and the addition to capital assets of \$270,161.

**Changes in net assets.** The District's total revenues for the fiscal year ended June 30, 2008 were \$9,700,766. The total cost of all programs and services was \$10,268,294. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2008 and 2007.

Revenues as per Statement of Activities



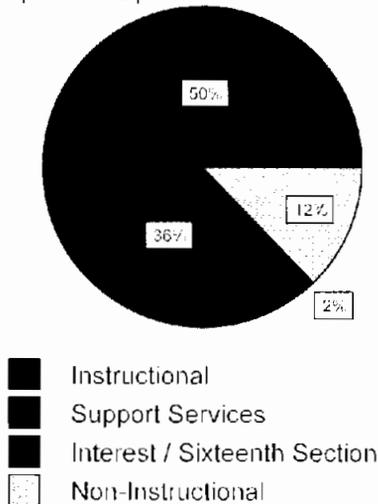
- Expenses
- General Revenues
- Program Revenues
- Change in Net Assets

	2008	2007	Percentage Change
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for services	\$ 194,833	159,898	22%
Operating Grants and Contributions	2,601,781	2,606,646	0%
Capital Grants and Contributions	33,441	33,422	0%
<b>Total Program Revenues</b>	<b>2,830,055</b>	<b>2,799,966</b>	<b>1%</b>
<b>General Revenues</b>			
Property Taxes	961,788	923,262	4%
Unrestricted Grants and Contributions	5,456,139	5,490,297	-1%
Unrestricted Investment Earnings	8,351	27,483	-70%
Sixteenth Section Sources	216,794	245,087	-12%
Other	227,639	232,619	-2%
<b>Total General Revenues</b>	<b>6,870,711</b>	<b>6,918,748</b>	<b>-1%</b>
<b>Total revenues</b>	<b>9,700,766</b>	<b>9,718,714</b>	<b>0%</b>
<b>Expenses</b>			
Instruction	5,086,146	4,764,544	7%
Support services	3,723,127	3,726,794	0%
Non-instructional	1,308,003	827,874	58%
Interest on long-term liabilities	123,266	96,121	28%
Sixteenth section	27,752	27,695	0%
<b>Total expenses</b>	<b>10,268,294</b>	<b>9,443,028</b>	<b>9%</b>
<b>Increase (Decrease) in net assets</b>	<b>(567,528)</b>	<b>275,686</b>	<b>-306%</b>
Net Assets, July 1	2,026,674	1,743,879	16%
Prior Period Adjustment	192,479	7,110	2607%
Rounding difference		(1)	-100%
<b>Net Assets, Restated</b>	<b>2,219,153</b>	<b>1,750,988</b>	<b>27%</b>
<b>Net Assets, June 30</b>	<b>\$ 1,651,625</b>	<b>2,026,674</b>	<b>-19%</b>

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

	2008	2007	2008	2007
	Expenses	Expenses	Net (Expense) Revenue	Net (Expense) Revenue
Instruction	\$ 5,086,146	4,764,544	(4,218,388)	(3,887,693)
Support Services	3,723,127	3,726,794	(1,916,851)	(2,401,149)
Non-Instructional	1,308,003	827,874	(1,151,982)	(230,404)
Sixteenth Section	27,752	27,695	(27,752)	(27,695)
Interest on Long-Term Liabilities	123,266	96,121	(123,266)	(96,121)
	\$ 10,268,294	9,443,028	(7,438,239)	(6,643,062)

Expenses as per Statement of Activities



- Net cost of governmental activities (\$7,438,239), was financed by general revenue, which is made up primarily of state grants \$5,062,383.
- Investment earnings accounted for \$8,351 of funding.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$1,417,549, a decrease of \$309,327.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$200,653. The increase in fund balance in the Summer Food Service Fund was \$5,257, whereas the Title I A Basic FYE 2003 Fund showed a decrease of \$2,108, and the Title I Reading First Fund decreased \$819. The 21<sup>st</sup> Century Grant Fund's fund balance remained the same. The Sixteenth Section Interest Fund's fund balance decreased \$11,271, due to the transfer made to District Maintenance. The fund balance of the MAEP Retirement Fund showed a decrease of \$8,141 and the Other Governmental Funds showed a decrease of \$84,245.

## **BUDGETARY HIGHLIGHTS**

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

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

### **General fund**

Budgeted amounts for revenue from local sources were increased due to reflect the receipt of grants. Budgeted amounts for expenditures - instruction and support services were increased to reflect the increase in grants received and also to meet the \$15 and \$20 per child requirement.

### **Summer Food Service Fund**

Actual revenues were more than budgeted because revenues were underestimated. Actual expenditures were as budgeted.

### **Title I A Basic FYE 2003**

Revenues were increased when the budget was amended because of a carryover from the previous year.

### **Title I Reading First**

Amounts originally budgeted were amended to reflect increase in revenues due to the increase in funds received. It changed from \$150 to \$250. Expenditures were amended to reflect the increase.

At the time the original budget was prepared only estimates were available for federal funding.

Typically original budgets are prepared using prior year allocation as estimates. Once federal awards were known, budgets were amended to the actual grant award amount.

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2008, the District's total capital assets were \$5,101,534, including school buildings, improvements other than buildings, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$428,220 from the previous year. One major component of this increase was the completed construction of a building. Total accumulated depreciation as of June 30, 2008 was \$2,463,129 and total depreciation expense for the year was \$181,595, resulting in total net capital assets of \$2,638,405.

	Capital Assets, Net of Depreciation		Percentage
	2008	2007	Change
Construction in progress	\$ -	111,783	-100%
Buildings	1,690,354	1,529,569	11%
Building improvements	216,073	216,071	0%
Improvements other than buildings	46,494	46,490	0%
Mobile equipment	486,371	258,334	88%
Furniture and equipment	199,113	138,202	44%
Leased property under capital leases	-	10,403	-100%
	\$ 2,638,405	2,310,852	14%

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

**Debt Administration.** At June 30, 2008, the District had \$0 in general obligation bonds outstanding and \$2,350,746 in other long-term debt outstanding, of which \$165,324 is due within

one year.

			Percentage
	2008	2007	Change
Limited obligation bonds payable	\$ 1,790,000	1,910,000	-6%
Other loans payable	10,252	20,507	-50%
Obligations under energy efficient lease	502,522	-	100%
Compensated absences	47,972	42,529	13%
	\$ 2,350,746	1,973,036	19%

The District maintains an A+ bond rating with Standard and Poor's. Additional information of the District's long-term debt can be found in Note 5 on page 40 of this report.

## **CURRENT ISSUES AND OTHER INFORMATION**

The West Bolivar School District is financially stable. The District is proud of its community support of the public schools.

The District has committed itself to financial excellence for many years. In addition, the District system of financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

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

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report, contact the Superintendent's Office of the West Bolivar School District, P. O. Box 189, Rosedale, MS 38769.

FINANCIAL STATEMENTS

**WEST BOLIVAR SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

	<u>Governmental Activities</u>
<b>Assets:</b>	
<i>Cash and cash equivalents</i>	\$ 993,568
<i>Investments</i>	91,100
<i>Due from other governments</i>	334,026
<i>Other receivables, net</i>	3,900
<i>Inventories</i>	15,390
<i>Restricted assets</i>	13,854
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	1,690,354
<i>Building improvements</i>	216,073
<i>Improvements other than buildings</i>	46,494
<i>Mobile equipment</i>	486,371
<i>Furniture and equipment</i>	199,113
<b>Total Assets</b>	<u>4,090,243</u>
<b>Liabilities:</b>	
<i>Accounts payable and accrued liabilities</i>	25,491
<i>Due to other governments</i>	77
<i>Unearned revenue</i>	8,721
<i>Interest payable on long-term liabilities</i>	53,583
<b>Long-term liabilities (due within one year):</b>	
<i>Capital related liabilities</i>	140,252
<i>Non-capital related liabilities</i>	25,072
<b>Long-term liabilities (due beyond one year)</b>	
<i>Capital related liabilities</i>	1,660,000
<i>Non-capital related liabilities</i>	525,422
<b>Total Liabilities</b>	<u>2,438,618</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	838,153
<b>Restricted Net Assets:</b>	
<b>Expendable:</b>	
School based activities	907,392
Debt service	145,492
Forestry improvements	256
Unemployment benefits	21,851
Sixteenth section	1,015
<b>Non-expendable:</b>	
Sixteenth section	13,854
Unrestricted	(276,388)
<b>Total Net Assets</b>	<u>\$ 1,651,625</u>

The accompanying notes are an integral part of this statement.

**WEST BOLIVAR SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
<i>Instruction</i>	\$ 5,086,146	\$ 138,055	\$ 696,262	\$ 33,441	\$ (4,218,388)
<i>Support services</i>	3,723,127	--	1,806,276	--	(1,916,851)
<i>Noninstructional services</i>	1,308,003	56,778	99,243	--	(1,151,982)
<i>Sixteenth section</i>	27,752	--	--	--	(27,752)
<i>Interest on long-term liabilities</i>	123,266	--	--	--	(123,266)
<b>Total Governmental Activities</b>	<u>\$ 10,268,294</u>	<u>\$ 194,833</u>	<u>\$ 2,601,781</u>	<u>\$ 33,441</u>	<u>(7,438,239)</u>
<b>General Revenues:</b>					
<b>Taxes:</b>					
<i>General purpose levies</i>					961,788
<b>Unrestricted grants and contributions:</b>					
<i>State</i>					5,062,383
<i>Federal</i>					393,756
<i>Unrestricted investment earnings</i>					8,351
<i>Sixteenth section sources</i>					216,794
<i>Other</i>					227,639
<b>Total general revenues</b>					<u>6,870,711</u>
<b>Change in Net Assets</b>					(567,528)
<b>Net Assets - Beginning</b>					2,026,674
<b>Prior Period Adjustment</b>					192,479
<b>Net Assets - Restated</b>					<u>2,219,153</u>
<b>Net Assets - Ending</b>					<u>1,651,625</u>

The accompanying notes are an integral part of this statement.

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**WEST BOLIVAR SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2008**

	General Fund	Summer Food Service Fund 1998	Title I A Basic FYE 2003	Title I Reading First
<b>ASSETS</b>				
<i>Cash and cash equivalents</i>	\$ 101,542	\$ 3,020	\$ 846	\$ --
<i>Investments</i>	--	--	--	--
<i>Due from other governments</i>	88,321	21,443	34,072	17,280
<i>Other receivables, net</i>	--	--	--	--
<i>Due from other funds</i>	102,443	--	--	--
<i>Inventories</i>	--	1,084	--	--
<b>Total Assets</b>	<b>\$ 292,308</b>	<b>\$ 25,547</b>	<b>\$ 34,918</b>	<b>\$ 17,280</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
<i>Accounts payable and accrued liabilities</i>	\$ 18,200	\$ 3,009	\$ 1,421	\$ 1,536
<i>Due to other funds</i>	--	16,197	31,752	15,743
<i>Unearned revenue</i>	--	--	--	--
<b>Total Liabilities</b>	<b>18,200</b>	<b>19,206</b>	<b>33,173</b>	<b>17,279</b>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
<i>Inventory</i>	--	1,084	--	--
<i>Unemployment benefits</i>	--	--	--	--
<i>Forestry improvements</i>	--	--	--	--
<i>Debt service funds</i>	--	--	--	--
<i>Permanent funds</i>	--	--	--	--
<b>Unreserved, undesignated, reported in:</b>				
<i>General fund</i>	274,106	--	--	--
<i>Special Revenue funds</i>	--	5,257	1,745	1
<b>Total Fund Balances</b>	<b>274,106</b>	<b>6,341</b>	<b>1,745</b>	<b>1</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 292,308</b>	<b>\$ 25,547</b>	<b>\$ 34,918</b>	<b>\$ 17,280</b>

The accompanying notes are an integral part of this statement.

EXHIBIT C

Title IV 21st Century Grant	Sixteenth Section Interest Funds	MAEP Retirement Fund	Other Governmental Funds	Total Governmental Funds
\$ 79	\$ 670,515	\$ --	\$ 231,420	\$ 1,007,422
--	--	91,100	--	91,100
35,308	--	107,975	28,805	333,204
--	3,900	--	--	3,900
--	--	--	20,148	122,591
--	--	--	14,306	15,390
<u>\$ 35,387</u>	<u>\$ 674,415</u>	<u>\$ 199,075</u>	<u>\$ 294,679</u>	<u>\$ 1,573,607</u>
\$ --	\$ --	\$ --	\$ 1,325	\$ 25,491
35,387	--	--	22,767	121,846
--	--	--	8,721	8,721
<u>35,387</u>	<u>--</u>	<u>--</u>	<u>32,813</u>	<u>156,058</u>
--	--	--	14,306	15,390
--	--	--	21,851	21,851
--	--	--	256	256
--	--	199,075	--	199,075
--	--	--	14,869	14,869
--	--	--	--	274,106
--	674,415	--	210,584	892,002
--	674,415	199,075	261,866	1,417,549
<u>\$ 35,387</u>	<u>\$ 674,415</u>	<u>\$ 199,075</u>	<u>\$ 294,679</u>	<u>\$ 1,573,607</u>

**WEST BOLIVAR SCHOOL DISTRICT**  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2008

Total fund balances - governmental funds balance sheet	\$ 1,417,549
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	2,638,405
Liabilities due in one year are not recognized in the funds.	(165,324)
Payables for bond principal which are not due in the current period are not reported in the funds.	(1,660,000)
Payables for energy leases not due in the current period are not reported in the funds.	(477,450)
Payables for bond interest which are not due in the current period are not reported in the funds.	(53,583)
Payables for compensated absences not due in the current period are not reported in the funds.	(47,972)
Net assets of governmental activities - statement of net assets	<u>\$ 1,651,625</u>

The accompanying notes are an integral part of this statement.

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

	General Fund	Summer Food Service Fund	Title I A Basic FYE 2003	Title I Reading First
<b>Revenue:</b>				
Local sources	\$ 1,239,546	\$ 345	\$ --	\$ 3,355
State sources	4,704,053	--	--	--
Federal sources	238,356	21,109	1,010,161	209,137
Sixteenth section sources	--	--	--	--
<b>Total revenues</b>	<b>6,181,955</b>	<b>21,454</b>	<b>1,010,161</b>	<b>212,492</b>
<b>Expenditures:</b>				
Instruction	3,693,156	--	353,046	124,577
Support services	2,384,420	422	614,746	86,453
Noninstructional services	551,857	15,775	41,477	500
Sixteenth section	--	--	--	--
Facilities acquisition and construction	58,005	--	--	--
Debt service:				
Principal	43,537	--	--	--
Interest	18,536	--	--	--
Other	--	--	--	--
<b>Total expenditures</b>	<b>6,749,511</b>	<b>16,197</b>	<b>1,009,269</b>	<b>211,530</b>
Excess (deficiency) of revenues (over) expenditures	(567,556)	5,257	892	962
<b>Other financing sources (uses):</b>				
Inception of leases	535,804	--	--	--
Sale of other property	9,400	--	--	--
Operating transfers in	--	--	--	664
Operating transfers out	(178,301)	--	(3,000)	(2,445)
<b>Total other financing sources (uses)</b>	<b>366,903</b>	<b>--</b>	<b>(3,000)</b>	<b>(1,781)</b>
Net change in fund balance	(200,653)	5,257	(2,108)	(819)
<b>Fund Balances:</b>				
July 1, 2007	482,668	--	3,853	820
Prior period adjustments	(7,909)	--	--	--
July 1, 2007 as restated	474,759	--	3,853	820
Increase (decrease) in reserve for inventory	--	1,084	--	--
<b>June 30, 2008</b>	<b>\$ 274,106</b>	<b>\$ 6,341</b>	<b>\$ 1,745</b>	<b>\$ 1</b>

The accompanying notes are an integral part of this statement.

EXHIBIT D

Title IV 21st Century Grant	Sixteenth Section Interest Funds	MAEP Retirement Fund	Other Governmental Funds	Total Governmental Funds
\$ 50,921	\$ --	\$ 1,541	\$ 87,504	\$ 1,383,212
--	--	199,484	476,887	5,380,424
--	--	--	1,232,174	2,710,937
--	216,481	--	313	216,794
<u>50,921</u>	<u>216,481</u>	<u>201,025</u>	<u>1,796,878</u>	<u>9,691,367</u>
42,480	--	--	821,051	5,034,310
8,441	--	--	820,362	3,914,844
--	--	--	602,654	1,212,263
--	27,752	--	--	27,752
--	--	--	20,138	78,143
--	--	120,000	--	163,537
--	--	88,605	--	107,141
--	--	561	--	561
<u>50,921</u>	<u>27,752</u>	<u>209,166</u>	<u>2,264,205</u>	<u>10,538,551</u>
--	188,729	(8,141)	(467,327)	(847,184)
--	--	--	--	535,804
--	--	--	--	9,400
--	--	--	385,499	386,163
--	(200,000)	--	(2,417)	(386,163)
<u>--</u>	<u>(200,000)</u>	<u>--</u>	<u>383,082</u>	<u>545,204</u>
--	(11,271)	(8,141)	(84,245)	(301,980)
--	685,686	207,216	346,633	1,726,876
--	--	--	--	(7,909)
<u>--</u>	<u>685,686</u>	<u>207,216</u>	<u>346,633</u>	<u>1,718,967</u>
--	--	--	(522)	562
<u>\$</u>	<u>\$ 874,415</u>	<u>\$ 199,075</u>	<u>\$ 261,866</u>	<u>\$ 1,417,549</u>

**WEST BOLIVAR SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Net change in fund balances - total governmental funds	\$ (301,980)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	319,163
The depreciation of capital assets used in governmental activities is not reported in the funds.	(181,595)
The gain or loss on the sale of capital assets is not reported in the funds.	(10,403)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	120,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	33,282
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	10,255
(Increase) decrease in accrued interest from beginning of period to end of period	(15,564)
Change in inventory is an adjustment to fund balance in the funds but affects expense in the SOA.	562
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(5,443)
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(535,804)
Rounding difference	(1)
Change in net assets of governmental activities - statement of activities	<u>\$ (567,528)</u>

The accompanying notes are an integral part of this statement.

**WEST BOLIVAR SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2008**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Assets:	
<i>Cash and other deposits</i>	\$ 443,626
<i>Due from other funds</i>	77
<b>Total Assets</b>	<b>\$ 443,703</b>
<b>LIABILITIES</b>	
Liabilities:	
<i>Accounts payable &amp; Accrued Liabilities</i>	\$ 433,812
<i>Due to student clubs</i>	9,069
<i>Due to other funds</i>	822
<b>Total Liabilities</b>	<b>\$ 443,703</b>

The accompanying notes are an integral part of this statement.

**West Bolivar School District**

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

## West Bolivar School District

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

### (1) Summary of Significant Accounting Policies.

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

#### A. Financial Reporting Entity.

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the school district's governing board. As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five member board where each member was elected by the citizens of each defined county district.

#### B. Basis of Presentation.

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

#### ***Government Wide Financial Statements:***

The Statement of Net Assets and Statement of Activities display information about the school district as a whole. They include all the funds of the reporting entity except for the fiduciary funds, if applicable. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Assets presents the financial condition of the governmental activities of the school district at year-end. The government-wide Statements of Activities presents a comparison between direct expenses and program revenues for each function or program of the school district's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the school district, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing

## West Bolivar School District

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

or draws from the general revenues of the school district.

### ***Fund Financial Statements:***

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

### C. Measurement Focus and Basis of Accounting.

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

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

The school district reports the following major governmental funds:

General Fund - The General Fund is the school district's primary operating fund. It is used to account for all financial resources of the school district, except those required to be accounted for in another fund.

Summer Food Service Fund - This fund accounts for the resources available for local sponsors who want to combine a feeding program with a summer activity program. During the school year, nutritious meals are available through the National

## West Bolivar School District

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

School Lunch and School Breakfast Programs. But those programs end when school ends for the summer. The U.S. Department of Agriculture's Summer Food Service Program helps fill the hunger gap.

Title I A Basic FYE 2003 - This fund is used to account for the revenues and expenditures associated with the improvement of teaching and learning of children failing, or most at risk of failing, to meet challenging academic standards.

Title I Reading First - This fund is used to account for the revenues and expenditures associated with the Reading program.

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

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

MAEP Retirement Fund - This fund is used to account for revenues used to retire the principal and interest on the MAEP Debt.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of **Exhibit C**.

Additionally the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

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

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

## West Bolivar School District

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

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

#### D. Account Classifications.

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

#### E. Encumbrances.

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

#### F. Cash and Cash Equivalents.

The school district deposits excess funds in the financial institutions selected by the school board. State statutes specify how these depositories are to be selected. Cash and cash equivalents consist of amounts on deposit in demand account and certificates of deposit with original maturities of three months or less. Cash and cash equivalents are valued at cost.

#### G. Investments.

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

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

#### H. Inventories and Prepaid Items.

**West Bolivar School District**

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

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

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

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

I. Capital Assets.

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

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

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital assets accounts) and estimated useful lives of capital assets are reported in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. The following scale details those thresholds.

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

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

J. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, warrants, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include

**West Bolivar School District**

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

liabilities on lease-purchase agreements and other commitments. In the government-wide Statement of Net Assets, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column. See Note 5 for details.

**K. Interfund Transactions and Balances.**

Interfund transactions and balances are the result of timing differences between the date expenses/expenditures occur and the date payments are made.

Short-term (due within one year) interfund receivables are reported as "due from other funds" and are considered available expendable resources.

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 3 for details for interfund transactions, including receivables and payables at year-end.

**L. Equity Classifications.**

***Government-Wide Financial Statements:***

Equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets- Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets- All other net assets that do not meet the definition of "restricted", or "invested in capital assets, net of related debt."

***Fund Financial Statements:***

Governmental fund equity is classified as fund balance. Fund balance is further

## West Bolivar School District

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

classified as reserved and unreserved, with unreserved further split between designated and undesignated.

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

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

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

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

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

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

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

#### M. Property Taxes.

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

#### N. Mississippi Adequate Education Program Revenues

Revenues from the adequate education program are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the state of Mississippi.

## West Bolivar School District

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

### O. Compensated Absences.

Employees of the school district accumulate sick leave at a minimum amount as required by state law or at a greater amount provided by school district policy. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

### (2) Cash and Cash Equivalents, and Investments.

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

**Deposits.** The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal 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 (3), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully 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

**West Bolivar School District**

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

issued by the United States of America that are deemed to include securities of, or interest in, and open-end or closed-end any management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Fund) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Amount less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents.

The carrying amount of the school district's deposits reported in the governmental funds and fiduciary funds was \$1,007,422 and \$443,626, respectively. The carrying amount of deposits reported in government-wide statements was: cash and cash equivalents \$993,568 and restricted assets \$13,854. The restricted assets represents the cash balance of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's program. The bank balance was \$2,050,138.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2008, none of the district's bank balance of \$2,050,138 was exposed to custodial credit risk.

Investments.

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

Investment Type	Maturities (in years)	Fair Value	Rating
Treasury Securities Money Market Funds	N/A	\$ 91,100	A
Total Investments		\$ 91,100	

*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.

**West Bolivar School District**

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

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

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. The investment in the Hancock Horizon Treasury Securities Money Market 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. As of June 30, 2008, the district had the following investments:

Issuer	Fair Value	% of Total Investments
Hancock Horizon Treasury Sec. Money Market CI A	91,100	100%
	\$ 91,100	

(3) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds.

	Due From	Due To
Governmental funds:		
General fund	\$ 102,443	0
Summer Food Service Fund	0	16,197
Title I A Basic FYE 2003	0	31,752
Title I Reading First	0	15,743
Title IV 21 <sup>st</sup> Century Grant	0	35,387
Other Governmental Funds	20,148	22,767

**West Bolivar School District**

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

	<u>Due From</u>	<u>Due To</u>
Agency Funds	77	822
Total Funds	<u>\$ 122,668</u>	<u>122,668</u>

The purpose of the Due From/To other funds balances was to provide funds for operating purposes. All balances are expected to be repaid within one year from the date of the financial statements.

**B. Transfers In/Out**

	<u>Transfer In</u>	<u>Transfers Out</u>
<b>Governmental funds:</b>		
General fund	\$ 0	178,301
Title I A Basic FYE 2003	0	3,000
Title I Reading First	664	2,445
Sixteenth Section Interest Funds	0	200,000
Other governmental funds	<u>385,499</u>	<u>2,417</u>
Total Funds	<u>\$ 386,163</u>	<u>386,163</u>

The purpose of the transfers was to cover expenses and replenish district maintenance fund. All transfers were routine and consistent with the fund making the transfer.

**(4) Capital Assets.**

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

	Balance 7-1-2007	Additions	Retirements	Completed Construction	Adjustments	Balance 6-30-2008
<b>Non-depreciable assets:</b>						
Construction in progress	\$ 111,783	49,002		(160,785)		0
Total non-depreciable assets	<u>111,783</u>	<u>49,002</u>	0	<u>(160,785)</u>	0	0
<b>Depreciable capital assets:</b>						
Buildings	2,983,383			160,785	3,214	3,147,382
Building Improvements	247,513					247,513
Improvements other than bldgs.	99,516					99,516
Mobile equipment	721,325	228,036			8,626	957,987

**West Bolivar School District**

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

	Balance 7-1-2007	Additions	Retirements	Completed Construction	Adjustments	Balance 6-30-2008
Furniture and equipment	597,618	42,125			9,393	649,136
Leased property under capital leases	23,959		23,959			0
<b>Total depreciable capital assets</b>	<b>4,673,314</b>	<b>270,161</b>	<b>23,959</b>	<b>160,785</b>	<b>21,233</b>	<b>5,101,534</b>
<b>Less accumulated depreciation for:</b>						
Buildings	1,453,814	43,840			(40,626)	1,457,028
Building Improvements	31,442	9,901			(9,903)	31,440
Improvements other than bldgs.	53,026	1,399			(1,403)	53,022
Mobile equipment	462,991	61,380			(52,755)	471,616
Furniture and equipment	459,416	65,075			(74,468)	450,023
Leased property under capital leases	13,556		13,556		0	0
<b>Total accumulated depreciation</b>	<b>2,474,245</b>	<b>181,595</b>	<b>13,556</b>	<b>0</b>	<b>(179,155)</b>	<b>2,463,129</b>
<b>Total depreciable capital assets, net</b>	<b>2,199,069</b>	<b>88,566</b>	<b>10,403</b>	<b>160,785</b>	<b>200,388</b>	<b>2,638,405</b>
Governmental activities capital assets, net	\$				200,388	
	<b>2,310,852</b>	<b>137,568</b>	<b>10,403</b>	<b>0</b>		<b>2,638,405</b>

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$127,117
Support services	36,319
Non-instructional	18,159
<b>Total depreciation expense</b>	<b>\$181,595</b>

Adjustments were made to correctly state capital assets.

(5) Long-term Liabilities.

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

	Balance 7-1-2007	Additions	Reductions	Adjustments	Balance 6-30-2008	Amounts due within one year
A. Limited obligation bonds payable	\$ 1,910,000		120,000		1,790,000	130,000
B. Other loans payable	20,507		10,255		10,252	10,252
C. Obligations under energy efficiency lease	0	535,804	33,282		502,522	25,072
D. Compensated absences payable	42,529	5,443			47,972	

**West Bolivar School District**

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

	Balance 7-1-2007	Additions	Reductions	Adjustments	Balance 6-30-2008	Amounts due within one year
Total	\$ 1,973,036	541,247	163,537	0	2,350,746	165,324

**A. Limited Obligation Bonds Payable.**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1998 State aid capital improvement bonds	4.5-6%	04/1/98	02/1/18	\$2,595,000	\$1,790,000

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

Year Ending June 30	Principal	Interest	Total
2009	\$ 130,000	83,040	213,040
2010	135,000	77,010	212,010
2011	140,000	70,615	210,615
2012	150,000	63,783	213,783
2013	155,000	56,480	211,480
2014-2018	1,080,000	161,253	1,241,253
Total	\$ 1,790,000	512,181	2,302,181

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

**B. Other Loans Payable.**

The school district has issued other debt instruments.

**West Bolivar School District**

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

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>
Asbestos Loan	0.00	10-18-01	03-18-05	\$ 88,063	10,252
Total				<u>\$ 88,063</u>	<u>10,252</u>

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>Total</u>
2009	\$10,252	\$10,252

This debt will be retired from the District Maintenance Fund.

C. Obligations under energy efficiency lease.

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 Lease	5.057%	07-01-07	07-01-21	\$ 535,804	502,522
Total				<u>\$ 535,804</u>	<u>502,522</u>

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	\$ 25,072	26,746	51,818
2010	26,407	25,412	51,819
2011	27,812	24,006	51,818
2012	29,293	22,526	51,819
2013	30,852	20,967	51,819
2014-2018	180,709	78,383	259,092
2019-2022	182,377	24,896	207,273
Total	<u>\$ 502,522</u>	<u>222,936</u>	<u>725,458</u>

## West Bolivar School District

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

An energy efficiency lease agreement dated November 9, 2006, was executed by and between the district, the lessee, and Government Capital Corporation, the lessor.

The agreement authorized the borrowing of \$535,804 for the purchase of energy efficiency equipment, machinery, supplies building modifications and other energy saving items. Payments of the lease shall be made from the district maintenance fund and not exceed ten (10) years.

The district entered into this energy efficiency lease agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement. This debt will be retired from the district maintenance fund.

#### D. Compensated Absences.

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

#### (6) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and the school district is required to contribute at an actuarially determined rate. The rate for fiscal year ending June 30, 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 contributions to PERS for the fiscal years ending June 30, 2008, 2007, and 2006 were \$612,222, \$563,875, and \$540,334, respectively, which equaled the required contributions for each year.

## West Bolivar School District

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

### (7) Sixteenth Section Lands.

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

Year Ending June 30	Amount
2009	\$ 136,764
2010	86,958
2011	52,382
2012	21,382
2013	21,382
2014 - 2018	106,911
2019 - 2023	92,802
2024 - 2028	21,902
2029 - 2033	16,007
2034 - 2038	7,032
2039 - 2043	<u>3,054</u>
Total	\$ <u>566,576</u>

### (8) Risk Management.

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

#### Participation in Public Entity Risk Pool.

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 121

**West Bolivar School District**

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

school districts and one community college and covers risks of loss arising from injuries to the member's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by BancorpSouth Bank in Jackson. The funds in the trust account are used to pay any claim up to \$700,000. For a claim exceeding \$700,000, MSBAWCT has insurance which will pay the excess up to the statutory amount required by the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

(9) Prior Period Adjustments/Exhibits.

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation(s)</u>	<u>Amount</u>
1. To correctly state capital assets.	\$ 200,388
2. To correct overstatement of reimbursement for FY 07.	<u>(7,909)</u>
Total	\$ <u><u>192,479</u></u>

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

<u>Major Funds</u>	<u>Explanation(s)</u>	<u>Amount</u>
General Fund	See explanation above.	\$ <u>(7,909)</u>
	Total	\$ <u><u>(7,909)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

WEST BOLIVAR SCHOOL DISTRICT

Exhibit 1

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 1,098,564	1,325,640	1,239,546	227,076	(86,094)
State sources	5,105,671	5,105,671	4,704,053	0	(401,618)
Federal sources	52,000	84,000	238,356	32,000	154,356
Total Revenues	<u>6,256,235</u>	<u>6,515,311</u>	<u>6,181,955</u>	<u>259,076</u>	<u>(333,356)</u>
<b>Expenditures:</b>					
Instruction	3,747,863	3,976,429	3,693,156	(228,566)	283,273
Support services	2,396,910	2,639,446	2,384,420	(242,536)	255,026
Noninstructional services	18,558	16,363	551,857	2,195	(535,494)
Facilities acquisition and construction		69,184	58,005	(69,184)	11,179
Debt Service					
Principal	43,543	43,543	43,537	0	6
Interest	18,537	18,537	18,536	0	1
Total Expenditures	<u>6,226,411</u>	<u>6,763,502</u>	<u>6,749,511</u>	<u>(538,091)</u>	<u>13,991</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>30,824</u>	<u>(248,191)</u>	<u>(567,556)</u>	<u>(279,015)</u>	<u>(319,365)</u>
<b>Other Financing Sources (Uses):</b>					
Inception of leases			535,804	0	535,804
Insurance loss recoveries	2,500	2,500		0	(2,500)
Sale of other property		9,400	9,400	9,400	0
Operating Transfers In	471,041	471,041		0	(471,041)
Operating Transfers Out	(474,992)	(487,503)	(178,301)	(12,511)	309,202
Other financing uses	(725)	(725)		0	725
Total Other Financing Sources (Uses)	<u>(2,176)</u>	<u>(5,287)</u>	<u>366,903</u>	<u>(3,111)</u>	<u>372,190</u>
Net Change in Fund Balances	<u>28,648</u>	<u>(253,478)</u>	<u>(200,653)</u>	<u>(282,126)</u>	<u>52,825</u>
<b>Fund Balances:</b>					
July 1, 2007	836,577	480,269	482,668	(356,308)	2,399
Prior period adjustments (Note )			(7,909)	0	(7,909)
July 1, 2007, as restated	<u>836,577</u>	<u>480,269</u>	<u>474,759</u>	<u>(356,308)</u>	<u>(5,510)</u>
June 30, 2008	<u>\$ 865,225</u>	<u>226,791</u>	<u>274,106</u>	<u>(638,434)</u>	<u>47,315</u>

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

**WEST BOLIVAR SCHOOL DISTRICT**

Exhibit 2

Budgetary Comparison Schedule  
 Summer Food Service Fund  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources			\$ 345	0	345
State sources				0	0
Federal sources			21,109	0	21,109
Total Revenues	<u>0</u>	<u>0</u>	<u>21,454</u>	<u>0</u>	<u>21,454</u>
<b>Expenditures:</b>					
Support services		423	422	(423)	1
Noninstructional services		15,775	15,775	(15,775)	0
Facilities acquisition and construction				0	0
Debt Service:					
Principal				0	0
Interest				0	0
Total Expenditures	<u>0</u>	<u>16,198</u>	<u>16,197</u>	<u>(16,198)</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(16,198)</u>	<u>5,257</u>	<u>16,198</u>	<u>21,455</u>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In				0	0
Operating financing sources				0	0
Operating Transfers Out				0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>(16,198)</u>	<u>5,257</u>	<u>16,198</u>	<u>21,455</u>
<b>Fund Balances:</b>					
July 1, 2007				0	0
Prior period adjustments (Note )					
July 1, 2007, as restated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in reserve for inventory	<u>0</u>		<u>1,084</u>	<u>0</u>	<u>1,084</u>
June 30, 2008	<u>\$ 0</u>	<u>(16,198)</u>	<u>6,341</u>	<u>(16,198)</u>	<u>22,539</u>

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

**WEST BOLIVAR SCHOOL DISTRICT**

Exhibit 3

Budgetary Comparison Schedule  
 Title I A Basic FYE 2003  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 819,876	1,283,475	1,010,161	463,599	(273,314)
Total Revenues	<u>819,876</u>	<u>1,283,475</u>	<u>1,010,161</u>	<u>463,599</u>	<u>(273,314)</u>
<b>Expenditures:</b>					
Instruction	155,628	442,198	353,046	(286,570)	89,152
Support services	611,373	854,053	614,746	(242,680)	239,307
Noninstructional services	49,875	69,887	41,477	(20,012)	28,410
Debt Service					
Principal				0	0
Interest				0	0
Total Expenditures	<u>816,876</u>	<u>1,366,138</u>	<u>1,009,269</u>	<u>(549,262)</u>	<u>356,869</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,000</u>	<u>(82,663)</u>	<u>892</u>	<u>85,663</u>	<u>83,555</u>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In				0	0
Operating Transfers Out	(3,000)	(3,000)	(3,000)	0	0
Total Other Financing Sources (Uses)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>(85,663)</u>	<u>(2,108)</u>	<u>85,663</u>	<u>83,555</u>
<b>Fund Balances:</b>					
July 1, 2007	(18,510)	3,853	3,853	22,363	0
June 30, 2008	\$ <u>(18,510)</u>	<u>(81,810)</u>	<u>1,745</u>	<u>(63,300)</u>	<u>83,555</u>

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

**WEST BOLIVAR SCHOOL DISTRICT**

Exhibit 4

Budgetary Comparison Schedule  
 Title I Reading First  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$	3,355	3,355	3,355	0
Federal sources	150,000	210,000	209,137	60,000	(863)
Total Revenues	150,000	213,355	212,492	63,355	(863)
<b>Expenditures:</b>					
Instruction	69,847	130,970	124,577	(61,123)	6,393
Support services	75,708	88,048	86,453	(12,340)	1,595
Noninstructional services	2,000	500	500	1,500	0
Debt Service					0
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Total Expenditures	147,555	219,518	211,530	(71,963)	7,988
Excess (Deficiency) of Revenues Over Expenditures	2,445	(6,163)	962	(8,608)	7,125
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In		216	664	216	448
Operating Transfers Out	(2,445)	(2,445)	(2,445)	0	0
Total Other Financing Sources (Uses)	(2,445)	(2,229)	(1,781)	216	448
Net Change in Fund Balances	0	(8,392)	(819)	(8,392)	7,573
<b>Fund Balances:</b>					
July 1, 2007	(16,173)	820	820	16,993	0
June 30, 2008	\$ (16,173)	(7,572)	1	8,601	7,573

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

**WEST BOLIVAR SCHOOL DISTRICT**

Exhibit 5

Budgetary Comparison Schedule  
 Title IV 21st Century Grant Fund  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	61,224	61,224	50,921	0	(10,303)
Total Revenues	<u>61,224</u>	<u>61,224</u>	<u>50,921</u>	<u>0</u>	<u>(10,303)</u>
<b>Expenditures:</b>					
Instruction	47,058	51,336	42,480	(4,278)	8,856
Support services	14,166	14,166	8,441	0	5,725
Debt Service					
Principal				0	0
Interest				0	0
Total Expenditures	<u>61,224</u>	<u>65,502</u>	<u>50,921</u>	<u>(4,278)</u>	<u>14,581</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(4,278)</u>	<u>0</u>	<u>(4,278)</u>	<u>4,278</u>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In				0	0
Operating Transfers Out				0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>(4,278)</u>	<u>0</u>	<u>(4,278)</u>	<u>4,278</u>
<b>Fund Balances:</b>					
July 1, 2007	(2,150)	0	0	2,150	0
June 30, 2008	<u>\$ (2,150)</u>	<u>(4,278)</u>	<u>0</u>	<u>(2,128)</u>	<u>4,278</u>

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

**WEST BOLIVAR SCHOOL DISTRICT**

Exhibit 6

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Sixteenth section sources	\$ 241,769	241,769	216,481	0	(25,288)
Total Revenues	<u>241,769</u>	<u>241,769</u>	<u>216,481</u>	<u>0</u>	<u>(25,288)</u>
Expenditures:					
Sixteenth Section	<u>28,770</u>	<u>28,777</u>	<u>27,752</u>	<u>(7)</u>	<u>1,025</u>
Total Expenditures	<u>28,770</u>	<u>28,777</u>	<u>27,752</u>	<u>(7)</u>	<u>1,025</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>212,999</u>	<u>212,992</u>	<u>188,729</u>	<u>(7)</u>	<u>(24,263)</u>
Other Financing Sources (Uses):					
Operating transfers in				0	0
Operating transfers out	<u>(300,000)</u>	<u>(300,000)</u>	<u>(200,000)</u>	<u>0</u>	<u>100,000</u>
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(200,000)</u>	<u>0</u>	<u>100,000</u>
Net Change in Fund Balances	<u>(87,001)</u>	<u>(87,008)</u>	<u>(11,271)</u>	<u>(7)</u>	<u>75,737</u>
Fund Balances:					
July 1, 2007	927,197	685,685	685,686	(241,512)	1
June 30, 2008	<u>\$ 840,196</u>	<u>598,677</u>	<u>674,415</u>	<u>(241,519)</u>	<u>75,738</u>

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

## West Bolivar School District

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

#### Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

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

SUPPLEMENTAL INFORMATION

**West Bolivar School District**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2008

**Schedule 1**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Federal <u>Expenditures</u>
<b>U. S. DEPARTMENT OF AGRICULTURE/</b>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	122,267
National School Lunch Program	10.555	397,027
Summer Food Service Program	10.559	25,568
Total child nutrition cluster		544,862
 Water and Waste Disposal System for Rural Communities	 10.760	 100,000
Total passed-through the MDE		644,862
TOTAL U. S. DEPARTMENT OF AGRICULTURE		644,862
 <b>FEDERAL COMMUNICATION COMMISSION</b>		
Administered through Universal Service Administrative Company:		
The school and libraries program of the Universal Service Fund	32.xxx	104,861
Total Federal Communication Commission		104,861
 <b>U. S. DEPARTMENT OF EDUCATION/</b>		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	1,226,244
Career and Technical Education - Basic Grants to States	84.048	28,490
Safe and Drug Free Schools and Communities - State Grants	84.186	17,310
State Grants for Innovative Programs	84.298	1,536
Education Technology State Grants	84.318	9,722
Rural Education	84.358	37,298
Improving Teacher Quality-State Grants	84.367	131,771
Total		1,452,371
Special Education Cluster:		
Special Education - Grants to States	84.027	315,537
Special Education - Preschool Grants	84.173	13,189
Total special education cluster		328,726
Total passed-through the MDE		1,781,097
TOTAL U. S. DEPARTMENT OF EDUCATION		1,781,097
 <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Passed-through the Shaw School District:		
Community Based Abstinence Education	93.010	135,415
Total passed-through Shaw School District		135,415
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		135,415
 <b>TOTAL FOR ALL FEDERAL AWARDS</b>		 <b>\$2,666,235</b>

Notes to Schedule

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

## West Bolivar School District

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

Schedule 2

Expenditures	Total	Instruction and Other Student			Other
		Instructional Expenditure	Administration	School Administration	
Salaries and fringe benefits	\$ 7,082,594	5,335,983	484,541	603,188	658,882
Other	3,455,957	1,090,010	118,011	7,345	2,240,591
Total	\$ <u>10,538,551</u>	<u>6,425,993</u>	<u>602,552</u>	<u>610,533</u>	<u>2,899,473</u>
Total number of students *	977				
Cost per student	\$ 10,787	6,577	617	625	2,968

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

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

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

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

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

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

**Note:** includes 100 and 200 range object codes on the "Salaries and fringe benefits" line; all other expenditures on the "Other" line

OTHER SUPPLEMENTAL INFORMATION

WEST BOLIVAR SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund

Last Four Years

	2008	2007*	2006*	2005*
<b>Revenues:</b>				
Local sources	\$ 1,239,546	1,208,532	1,090,243	1,255,931
State sources	4,704,053	4,762,409	4,753,328	4,785,448
Federal sources	238,356	66,558	28,945	26,894
<b>Total Revenues</b>	<b>6,181,955</b>	<b>6,037,499</b>	<b>5,872,516</b>	<b>6,068,273</b>
<b>Expenditures:</b>				
Instruction	3,693,156	3,611,676	3,685,091	3,487,684
Support services	2,384,420	2,026,318	2,043,536	2,135,494
Noninstructional services	551,857	18,076	15,500	15,448
Facilities acquisition and construction	58,005	159,749		66,672
<b>Debt service:</b>				
Principal	43,537	10,255	19,904	10,255
Interest	18,516		790	
<b>Total Expenditures</b>	<b>6,749,511</b>	<b>5,826,074</b>	<b>5,764,821</b>	<b>5,715,553</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(567,556)</b>	<b>211,425</b>	<b>107,695</b>	<b>352,720</b>
<b>Other Financing Sources (Uses):</b>				
Inception of leases	535,804			
Insurance loss recoveries				5,078
Sale of other property	9,400			
Operating transfers in		376,758	418,663	589,059
Operating transfers out	(178,301)	(361,910)	(477,240)	(1,147,912)
Other financing uses				(1,944)
<b>Total Other Financing Sources (Uses)</b>	<b>366,903</b>	<b>14,848</b>	<b>(58,577)</b>	<b>(555,719)</b>
<b>Net Change in Fund Balances</b>	<b>(200,653)</b>	<b>226,273</b>	<b>49,118</b>	<b>(202,999)</b>
<b>Fund Balances:</b>				
July 1,	482,668	249,285	200,167	403,166
Prior period adjustments	(7,909)	7,110		
July 1, as restated	474,759	256,395	200,167	403,166
June 30,	\$ 274,106	482,668	249,285	200,167

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**WEST BOLIVAR SCHOOL DISTRICT**

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

All Governmental Funds

Last Four Years

	2008	2007*	2006*	2005*
<b>Revenues:</b>				
Local sources	\$ 1,383,212	1,293,621	1,209,948	1,375,025
State sources	5,380,424	5,509,272	5,468,166	5,436,621
Federal sources	2,710,937	2,671,140	2,149,911	2,136,972
Sixteenth section sources	216,794	245,087	202,897	193,925
<b>Total Revenues</b>	<b>9,691,367</b>	<b>9,719,120</b>	<b>9,030,922</b>	<b>9,142,543</b>
<b>Expenditures:</b>				
Instruction	5,034,310	4,848,028	4,842,764	4,685,429
Support services	3,914,844	3,690,188	3,384,805	3,396,701
Noninstructional services	1,212,263	624,514	582,494	552,625
Sixteenth section	27,752	27,695	23,983	25,501
Facilities acquisition and construction	78,143	187,131		332,685
Debt service:				
Principal	163,537	125,255	129,904	182,599
Interest	107,141	93,775	99,845	37,611
Other	561			
<b>Total Expenditures</b>	<b>10,538,551</b>	<b>9,596,586</b>	<b>9,063,795</b>	<b>9,213,151</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(847,184)</b>	<b>122,534</b>	<b>(32,873)</b>	<b>(70,608)</b>
<b>Other Financing Sources (Uses):</b>				
Inception of leases	535,804			
Insurance loss recoveries				5,078
Sale of other property	9,400			
Operating transfers in	386,163	680,171	745,896	1,157,956
Other financing sources		165		
Operating transfers out	(386,163)	(680,171)	(745,896)	(1,157,956)
Other financing uses		(572)	(582)	(2,536)
<b>Total Other Financing Sources (Uses)</b>	<b>545,204</b>	<b>(407)</b>	<b>(582)</b>	<b>2,542</b>
<b>Net Change in Fund Balances</b>	<b>(301,980)</b>	<b>122,127</b>	<b>(33,455)</b>	<b>(68,066)</b>
<b>Fund Balances:</b>				
July 1,	1,726,876	1,595,661	1,627,598	1,694,857
Prior period adjustments	(7,909)	7,110		
July 1, as restated	1,718,967	1,602,771	1,627,598	1,694,857
<b>Increase (Decrease) in reserve for inventory</b>	<b>562</b>	<b>1,978</b>	<b>1,518</b>	<b>807</b>
<b>June 30,</b>	<b>\$ 1,417,549</b>	<b>1,726,876</b>	<b>1,595,661</b>	<b>1,627,598</b>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

INTERNAL CONTROL AND COMPLIANCE REPORTS

**FORTENBERRY & BALLARD, PC**  
Certified Public Accountants

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

Superintendent and School Board  
West Bolivar School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the West Bolivar School District as of and for the year ended June 30, 2008, and have issued our report thereon dated November 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements 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 intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
November 28, 2008

Certified Public Accountants

**FORTENBERRY & BALLARD, PC**  
Certified Public Accountants

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

Superintendent and School Board  
West Bolivar School District

Compliance

We have audited the compliance of the West Bolivar School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The school district's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contract and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

In our opinion, the West Bolivar School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the West Bolivar School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing 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 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 school district's internal control.

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

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

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
November 28, 2008

Certified Public Accountants

**FORTENBERRY & BALLARD, PC**  
Certified Public Accountants

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

Superintendent and School Board  
West Bolivar School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the West Bolivar School District as of and for the year ended June 30, 2008, which collectively comprise West Bolivar School District's basic financial statements and have issued our report thereon dated November 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$5,840 of classroom supply funds carried over from previous years.

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

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

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
November 28, 2008

Certified Public Accountants

FINDINGS, CORRECTIVE ACTION PLAN AND AUDIT FOLLOW-UP

**West Bolivar School District**

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

Section 1: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

4. Type of auditor's report issued on compliance for major federal programs: Unqualified.
5. Internal control over major programs:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? No.
6. Any audit findings reported as required by Section \_\_.510(a) of OMB Circular A-133? No.
7. Federal programs identified as major programs:
  - a. Special Education Cluster:  
CFDA # 84.027  
CFDA # 84.173
  - b. Title I  
CFDA # 84.010
8. The dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
9. Auditee qualified as a low-risk auditee? Yes.
10. Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section \_\_.315(b) of OMB Circular A-133? No.

Section 2: Findings Relating to the Financial Statements

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

Section 3: Findings and Questioned Costs for Federal Awards

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