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COAHOMA COUNTY SCHOOL DISTRICT
Audited Financial Statements
For the Year Ended June 30, 2011

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

COAHOMA COUNTY SCHOOL DISTRICT

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COAHOMA COUNTY SCHOOL DISTRICT

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CAOHOMA COUNTY SCHOOL DISTRICT

Financial Audit Report

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DAVID I. BRIDGERS, JR., CPA

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

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

Superintendent and School Board
Coahoma County School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Coahoma County School District as of and for the year ended June 30, 2011, which collectively comprise the Coahoma County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Coahoma County School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the district's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Coahoma County School District, as of June 30, 2011, 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 February 6, 2012, on our consideration of the Coahoma County 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coahoma County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coahoma County School District's basic financial statements. The other 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 financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Bridgers & Company, P.C.
Bridgers & Company, P.C.
Vicksburg, Mississippi
February 6, 2012

COAHOMA COUNTY SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

**COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

The following discussion and analysis of the Coahoma County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Total net assets for 2011 increased by \$1,063,880 which represents a 18% increase from fiscal year 2010. Total net assets for 2010 increased \$946,273, including a prior period adjustment of \$22,034, which represents a 19% increase from fiscal year 2009.

General revenues amounted to \$11,837,303 and \$12,195,806, or 68% and 68% of all revenues for the fiscal years 2011 and 2010 respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,556,664, or 32% of total revenues for 2011, and \$5,738,447, or 32% of total revenues for 2010.

The District had \$16,330,087 and \$17,010,014 in expenses for fiscal years 2011 and 2010; only \$5,556,664 for 2011 and \$5,738,447 for 2010 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$11,837,303 for 2011 and \$12,195,806 for 2010 were adequate to provide for these programs.

Among major funds, the General Fund had \$10,265,460 in revenues and \$9,923,937 in expenditures for 2011, and \$10,181,227 in revenues and \$10,297,217 in expenditures for 2010. The General Fund's fund balance increased by \$509,740 from 2010 to 2011, and increased by \$153,315 from 2009 to 2010.

Capital assets, net of accumulated depreciation, decreased by \$409,509 for 2011 and increased by \$70,189 for 2010. The decrease for 2011 was due primarily to the disposal of mobile equipment and furniture and equipment coupled with the increase in accumulated depreciation.

Long-term debt decreased by \$570,762 for 2011 and decreased by \$503,137 for 2010. These decreases were due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences increased by \$36,980 for 2011 and decreased by \$15 for 2010.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplemental information, and other information.

Government-Wide financial statements

The government wide financial statements are designed to provide the reader with a broad overview of the District's finances. These statements consist of the Statement of Net Assets and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents information on all the District's nonfiduciary assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the District's net assets may serve as a useful indicator on whether its financial position 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.

**COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

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.

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 - Most of the District's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Assets, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

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 funds Balance Sheet and the governmental funds 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.

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. These funds are reported using the accrual basis of accounting. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

**COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements.

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and note proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

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 following the basic financial statements.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules as required supplemental information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each major special revenue fund as required by the Governmental Accounting Standards Board.

Supplemental Information

Additionally, a schedule of Expenditures of Federal Awards as required by OMB Circular A-133 and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

Other Information

Although not a required part of the basic financial statements, 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.

**COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets

Net assets may serve over time as a useful indicator of government's financial position. Assets exceeded liabilities by \$6,895,890 as of June 30, 2011.

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.

Table 1 presents a summary of the District's net assets at June 30, 2011 and June 30, 2010.

**Table 1
Condensed Statement of Net Assets**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	Percentage Change
Current assets	\$ 5,376,274	4,693,210	14.55%
Restricted assets	542,024	509,966	6.29%
Capital assets, net	5,354,505	5,764,014	-7.10%
Total assets	<u>11,272,803</u>	<u>10,967,190</u>	2.79%
Current liabilities	271,054	495,539	-45.30%
Long-term debt outstanding	4,105,859	4,639,641	-11.50%
Total liabilities	<u>4,376,913</u>	<u>5,135,180</u>	-14.77%
Net assets:			
Invested in capital assets, net of related debt	1,659,866	1,548,933	7.16%
Restricted	3,806,373	3,383,506	12.50%
Unrestricted	1,429,651	899,571	58.93%
Total net assets	<u>\$ 6,895,890</u>	<u>5,832,010</u>	18.24%

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

Decrease in net capital assets in the amount of \$409,509.

The principal retirement of \$570,762 of long-term debt.

Change in net assets

The District's total revenues for the fiscal year ended June 30, 2011 and June 30, 2010, were \$17,393,967 and \$17,934,253, respectively. The total cost of all programs and services was \$16,330,087 for 2011 and \$17,010,014 for 2010.

**COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Table 2 presents a summary of the changes in net assets for the fiscal year ended June 30, 2011 and June 30, 2010.

**Table 2
Changes in Net Assets**

	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program revenues			
Charges for services	\$ 166,031	257,721	-35.58%
Operating grants and contributions	5,390,633	5,444,021	-0.98%
Capital grants and contributions	0	36,705	-100.00%
General revenues:			
Property taxes	4,224,942	4,041,476	4.54%
Grants and contributions not restricted	6,634,562	7,352,912	-9.77%
Investment earnings	28,902	30,452	-5.09%
Sixteenth section sources	721,107	698,876	3.18%
Other	227,790	72,090	215.98%
Total revenues	17,393,967	17,934,253	-3.01%
Expenses:			
Instruction	7,815,638	8,275,163	-5.55%
Support services	7,002,588	7,208,115	-2.85%
Non-instructional	1,245,287	1,243,028	0.18%
Sixteenth section	113,078	71,673	57.77%
Interest on long-term liabilities	153,496	212,035	-27.61%
Total expenses	16,330,087	17,010,014	-4.00%
Increase in net assets	1,063,879	924,239	15.11%
Net Assets, July 1	5,832,010	4,885,737	19.37%
Prior Period Adjustment		22,034	-100.00%
Net Assets Restated, July 1	5,832,010	4,907,771	18.83%
Net Assets, June 30	\$ 6,895,890	5,832,010	18.24%

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 functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and District's taxpayers by each of these functions.

**COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

**Table 3
Net Cost of Governmental Activities**

	<u>Total Expenses</u>		Percentage
	2011	2010	Change
Instruction	\$ 7,815,638	8,275,163	-5.55%
Support services	7,002,588	7,208,115	-2.85%
Non-instructional	1,245,287	1,243,028	0.18%
Sixteenth section	113,078	71,673	57.77%
Interest on long-term liabilities	153,496	212,035	-27.61%
Total expenses	\$ 16,330,087	\$17,010,014	-4.00%
	<u>Net (Expense) Revenue</u>		
	2011	2010	Change
Instruction	\$ (6,026,647)	(6,454,668)	-6.63%
Support services	(4,699,454)	(4,533,703)	3.66%
Non-instructional	219,252	(17,566)	-1348.16%
Sixteenth section	(113,078)	(53,595)	110.99%
Interest on long-term liabilities	(153,496)	(212,035)	-27.61%
Total net (expense) revenue	\$ (10,773,423)	(11,271,567)	-4.42%

The net cost of governmental activities, (\$10,773,423 for 2011 and \$11,271,567 for 2010), was financed by general revenue, which is made up of primarily property taxes of (\$4,224,942 for 2011 and \$4,041,476 for 2010) and state and federal revenues of (\$6,634,562 for 2011 and \$7,352,912 for 2010). In addition, there was \$721,107 and \$698,876, in Sixteenth Section sources for 2011 and 2010, respectively.

Investment earnings amounted to \$28,902 for 2011 and \$30,452 for 2010.

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 \$5,689,544, an increase of \$907,285, which includes a increase in reserve for inventory of \$13,931. \$1,840,871, or 32%, of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$3,848,673, or 68%, is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

**COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$509,740. The fund balance of Other Governmental Funds showed a decrease in the amount of \$9,852, which includes an increase in reserve for inventory of \$7,904.

The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Extended School Year Fund	no increase or decrease
Summer Food Program Fund	\$ 3,214
Sixteenth Section Interest Fund	\$ 404,184

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and to correct the original budgets to reflect more accurately the sources and uses of funding for the School District.

- Budgeted amounts for revenue from local sources in the General Fund were increased during the fiscal year. Amounts originally budgeted were understated.
- Budgeted amounts for non-instructional expenditures in the General Fund were decreased to accurately reflect the expenditures made during the fiscal year. The amounts originally budgeted amounts were overstated. However, budgeted amounts for instructional and support services expenditures in the General funds were increased as originally budgeted amounts were understated.
- Budgeted amounts for revenue from sixteenth section sources in the Sixteenth Section Interest Fund were increase to more accurately reflect actual revenue generated during the fiscal year. Amounts originally budgeted were understated.
- Budgeted amounts for revenues and expenditures in various special revenue funds receiving federal funds were revised during the fiscal year to reflect actual revenue received and expenditures incurred during the fiscal year.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2011, the District's total capital assets were \$12,244,690, including , land, school buildings, building improvements, other improvements, buses, other school vehicles and furniture and equipment. This amount represents a gross decrease of \$619,147 from 2010. Total accumulated depreciation as of June 30, 2011 was \$6,890,185, and total depreciation expense for the year was \$371,220, resulting in total net capital assets of \$5,354,505.

**Table 4
Capital Assets, Net of Depreciation**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
Land	\$ 27,423	27,423	0.00%
Buildings	2,671,188	2,744,435	-2.67%
Building improvements	1,820,266	1,981,433	-8.13%
Mobile equipment	610,097	763,640	-20.11%
Furniture and equipment	103,803	108,237	-4.10%
Leased property under capital leases	121,728	138,846	-12.33%
Total	\$ <u>5,354,505</u>	<u>5,764,014</u>	-7.10%

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

**COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Debt Administration. At June 30, 2011, the District had \$4,105,859 in outstanding long-term debt of which \$576,754 is due within one year. During the fiscal year, the district made principal payments in the amount \$570,762 on existing long-term debt. The liability for compensated absences increased \$36,980 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
General obligation bonds payable	1,595,000	1,830,000	-12.84%
Limited obligation bonds payable	1,005,000	1,130,000	-11.06%
Three mill notes payable	985,000	1,125,000	-12.44%
Shortfall notes payable	0	17,000	-100.00%
Obligations under capital leases	391,571	445,333	-12.07%
Compensated absences payable	129,288	92,308	40.06%
Total	\$ <u>4,105,859</u>	<u>4,639,641</u>	-11.50%

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

CURRENT ISSUES

The Coahoma County School District is financially stable. The district is proud of its community support of the public schools.

The district has committed itself to financial excellence for many years. The district's system of financial planning, budgeting and internal financial controls is well regarded. The district plans to continue its sound fiscal management to meet the challenges of the future.

The district actively pursues grant funding to supplement the local, state and federal revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Coahoma County School District, P. O. Box 820, Clarksdale, MS 38614.

COAHOMA COUNTY SCHOOL DISTRICT

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COAHOMA COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

Coahoma County School District

Statement of Net Assets

Exhibit A

June 30, 2011

Assets	Governmental Activities
Cash and cash equivalents	\$ 4,636,820
Due from other governments	707,773
Inventories	31,681
Restricted assets	542,024
Capital assets, non-depreciable:	
Land	27,423
Capital assets, net of accumulated depreciation:	
Buildings	2,671,188
Building improvements	1,820,266
Mobile equipment	610,097
Furniture and equipment	103,803
Leased property under capital lease	121,728
Total Assets	<u>11,272,803</u>
Liabilities	
Accounts payable and accrued liabilities	224,950
Unearned revenue	3,804
Interest payable on long-term liabilities	42,300
Long-term liabilities, due within one year:	
Capital related liabilities	535,891
Non-capital related liabilities	40,863
Long-term liabilities, due beyond one year:	
Capital related liabilities	3,158,748
Non-capital related liabilities	370,357
Total Liabilities	<u>4,376,913</u>
Net Assets	
Invested in capital assets, net of related debt	1,659,866
Restricted for:	
Expendable:	
School based activities	2,599,238
Debt service	696,345
Forestry improvements	20,747
Unemployment benefits	56,124
Non-expendable:	
Sixteenth section	433,919
Unrestricted	1,429,651
Total Net Assets	<u>\$ 6,895,890</u>

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

Coahoma County School District
Statement of Activities
For the Year Ended June 30, 2011

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
					Total
Governmental Activities:					
Instruction	\$ 7,815,638	89,049	1,699,942		(6,026,647)
Support services	7,002,588	8,459	2,294,675		(4,699,454)
Noninstructional services	1,245,287	68,523	1,396,016		219,252
Sixteenth section	113,078				(113,078)
Interest on long-term liabilities	153,496				(153,496)
Total governmental activities	\$ 16,330,087	166,031	5,390,633		(10,773,423)
General Revenues:					
Taxes:					
Property taxes - general purposes levies				\$ 3,740,911	
Debt purpose levies				484,031	
Unrestricted grants and contributions:					
State				6,549,394	
Federal				85,168	
Unrestricted investment earnings				28,902	
Sixteenth section sources				721,107	
Other				227,790	
Total General Revenues				11,837,303	
Change in Net Assets					1,063,880
Net Assets - Beginning					5,632,010
Net Assets - Ending				\$ 6,695,890	

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

Coahoma County School District
 Balance Sheet - Governmental Funds
 June 30, 2011

Exhibit C

	Major Funds					Total Governmental Funds
	General Fund	Extended School Year Fund	Summer Food Program Fund	16th Section Interest Fund	Other Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 1,385,047	32,910	13,649	2,347,843	1,293,841	5,073,290
Investments					105,554	105,554
Due from other governments	356,961	65,942	53,019		216,398	692,320
Due from other funds	223,790			4,370	45,000	273,160
Inventories			6027		25,654	31,681
Total Assets	1,965,798	98,852	72,695	2,352,213	1,686,447	6,176,005
LIABILITIES & FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	119,896	3,405	24,481	337	76,831	224,950
Due to other funds	5,031	95,447	45,000	1,009	111,220	257,707
Unearned revenue					3,804	3,804
Total Liabilities	124,927	98,852	69,481	1,346	191,855	486,461
Fund Balances:						
Nonspendable:						
Inventory			3214		25,654	28,868
Permanent fund principal					433,919	433,919
Restricted:						
Debt service					738,645	738,645
Forestry improvement purposes					20,747	20,747
Unemployment benefits					56,124	56,124
Committed:						
Other purposes - program operations					24,900	24,900
Assigned:						
Other purposes - special projects				2,350,867		2,350,867
Other purposes - program operations					194,603	194,603
Unassigned	1,840,871					1,840,871
Total Fund Balances	1,840,871	0	3,214	2,350,867	1,494,592	5,689,544
Total Liabilities and Fund Balance	\$ 1,965,798	98,852	72,695	2,352,213	1,686,447	6,176,005

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

Coahoma County School District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 June 30, 2011

Exhibit C-1

	<u>Amount</u>
Total fund balances - governmental funds	\$ 5,689,544

Amounts reported for governmental activities in the Statement of Net Assets are different because:

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Land	\$ 27,423	
Buildings	5,359,618	
Building improvements	4,029,356	
Mobile equipment	1,926,298	
Furniture and equipment	711,795	
Leases under capital lease	190,200	
Accumulated depreciation	<u>(6,890,185)</u>	5,354,505

2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore not reported in the funds:

General obligation bonds	\$ (1,595,000)	
Limited obligation bonds	(1,005,000)	
Capital leases	(391,571)	
Notes payable	(985,000)	
Compensated absences	(129,288)	
Accrued interest payable	<u>(42,300)</u>	(4,148,159)

Net Assets of Governmental Activities	\$ <u>6,895,890</u>
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The notes to the financial statements are an integral part of this statement.

Coahoma County School District
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2011

Exhibit D

	Major Funds				Other Govern- mental Funds	Total Governmen- tal Funds
	General Fund	Extended School Year Fund	Summer Food Program Fund	16th Section Interest Fund		
REVENUES						
Local sources	\$ 3,923,615			7,693	642,623	4,573,931
Intermediate sources					65,951	65,951
State sources	6,215,357	70,130			432,963	6,718,450
Federal sources	126,488		53,205		5,122,049	5,301,742
Sixteenth section sources				709,783	11,324	721,107
Total Revenues	<u>10,265,460</u>	<u>70,130</u>	<u>53,205</u>	<u>717,476</u>	<u>6,274,910</u>	<u>17,381,181</u>
EXPENDITURES						
Instruction	5,238,338	40,276			2,251,284	7,529,898
Support services	4,581,465	32,749	806		2,266,152	6,881,172
Noninstructional services	25,157		55,212		1,090,413	1,170,782
Sixteenth section	1,019			67,662	44,396	113,077
Debt Service:						
Principal	53,762				517,000	570,762
Interest	24,196				161,036	185,232
Other					585	585
Total Expenditures	<u>9,923,937</u>	<u>73,025</u>	<u>56,018</u>	<u>67,662</u>	<u>6,330,866</u>	<u>16,451,508</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>341,523</u>	<u>(2,895)</u>	<u>(2,813)</u>	<u>649,814</u>	<u>(55,956)</u>	<u>929,673</u>
OTHER FINANCING SOURCES (USES)						
Insurance loss recoveries	8,459					8,459
Transfers in	355,965	2,895		4,370	156,366	519,596
Transfers out	(159,261)			(250,000)	(110,335)	(519,596)
Other sources	4,326					4,326
Other uses	(41,272)				(7,831)	(49,103)
Total Other Financing Sources (Uses)	<u>168,217</u>	<u>2,895</u>	<u>0</u>	<u>(245,630)</u>	<u>38,200</u>	<u>(36,318)</u>
Net Change in Fund Balances	<u>509,740</u>	<u>0</u>	<u>(2,813)</u>	<u>404,184</u>	<u>(17,756)</u>	<u>893,355</u>
Fund Balances:						
July 1, 2010	1,311,131			1,946,683	1,504,444	4,782,258
increase (decrease) in reserve for inventory			6,027		7,904	13,931
June 30, 2011	<u>\$ 1,840,871</u>	<u>0</u>	<u>3,214</u>	<u>2,350,867</u>	<u>1,494,592</u>	<u>5,689,544</u>

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

Coahoma County School District
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2011

Exhibit D-1

	<u>Amount</u>
Net change in fund balances - governmental funds	\$ 893,354

Amounts reported for governmental activities in the Statement of Activities are different because:

1. Government funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 22,636	
Depreciation expense	<u>(371,220)</u>	(348,584)

2. In the Statement of Activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of assets sold. (60,925)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities:

Payments of debt principal	570,762	
Accrued interest payable	<u>32,321</u>	603,083

4. Some items reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenues/ expenditures in governmental funds, These activities include:

Change in compensated absences	(36,980)	
Change in inventory reserve	<u>13,931</u>	(23,049)

Change in net assets of governmental activities	\$ <u><u>1,063,879</u></u>
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The notes to the financial statements are an integral part of this statement.

Coahoma County School District
Statement of Fiduciary Net Assets
June 30, 2011

Exhibit E

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 1,000	\$ 778,871
Due from other funds		<u>6,785</u>
Total Assets	<u>1,000</u>	<u>785,656</u>
Liabilities		
Accounts payable and accrued liabilities		763,184
Due to other funds		22,238
Other payables		<u>234</u>
Total Liabilities		<u>\$ 785,656</u>
Net Assets		
Reserved for endowments	<u>1,000</u>	
Total Net Assets	<u>\$ 1,000</u>	

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

Coahoma County School District
 Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2011

Exhibit F

	<u>Private-Purpose Trust Funds</u>
Additions	
Investment Income	\$ --
Net (Decrease) in Fair Value of Investments	--
Employer Contributions	--
Plan Member Contributions	--
Total Additions	<u> --</u>
Deductions	
Scholarship Awards	--
Benefits	--
Refunds of Contributions	--
Administrative Expenses	--
Total Deductions	<u> --</u>
Change in Net Assets	--
Net Assets	
July 1, 2010	1,000
June 30, 2011	<u>\$ 1,000</u>

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

COAHOMA COUNTY SCHOOL DISTRICT

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**Coahoma County School District
Notes to Financial Statements
For the Year Ended June 30, 2011**

(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. Basis of Presentation

In February 2009, the GASB issued GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clear fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

B. Financial Reporting Entity

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

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

C. Government-wide and Fund Financial Statements

Government - Wide Financial Statements:

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

**Coahoma County School District
Notes to Financial Statements
For the Year Ended June 30, 2011**

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

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

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

Fund Financial Statements :

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

The school district reports the following major governmental funds:

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

Extended School Year Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred for the activity related to the extended school year.

Summer Food Program Fund - This is a special revenue fund used to account for federal sources received and expenditures incurred under the summer food program.

16th Section Interest Fund - This fund is a special revenue fund used to account for the expendable revenues associated with earnings on sixteenth section lands and the expenditures incurred for for maintaining and improving sixteenth section lands.

Coahoma County School District
Notes to Financial Statements
For the Year Ended June 30, 2011

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

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

The District's fiduciary funds include one (1) private purpose trust fund which reports trust arrangements. The fiduciary funds also include one (1) agency fund which is used to report resources held by the district in a purely custodial capacity.

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 and report financial resources that are restricted, committed, or assigned to expenditure for principle and interest.

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

FIDUCIARY FUNDS

Private-purpose Trust Funds - Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

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

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting as are the Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

**Coahoma County School District
Notes to Financial Statements
For the Year Ended June 30, 2011**

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

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

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

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

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

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

Revenues from the Mississippi 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.

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

E. Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are reported within committed or assigned fund balances.

**Coahoma County School District
Notes to Financial Statements
For the Year Ended June 30, 2011**

F. Assets, liabilities, and net assets / fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents.

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

Investments.

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables.

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

3. Due from Other Governments.

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

4. Inventories and prepaid items.

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

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

**Coahoma County School District
Notes to Financial Statements
For the Year Ended June 30, 2011**

5. Restricted Assets.

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets.

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

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

(*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 5 for details.

7. Compensated Absences.

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

Coahoma County School District
Notes to Financial Statements
For the Year Ended June 30, 2011

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 liability for compensated absences from expendable available financial resources only if the payable has matured, for example, and employee retires.

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

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

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 6 for details.

9. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the district.

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is a resolution approved by the School Board.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent and the Business Manager pursuant to authorization established by the district's approved fund balance policy.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

**Coahoma County School District
Notes to Financial Statements
For the Year Ended June 30, 2011**

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then use unassigned amounts.

(2) Cash and Cash Equivalents

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits 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 excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United State Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United State of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$5,073,290 and \$779,871, respectively. The carrying amount of deposits reported in the government-wide financial statements was \$4,636,820 reported as cash and equivalents and \$542,024 reported as restricted assets (See Note 4).

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.

**Coahoma County School District
Notes to Financial Statements
For the Year Ended June 30, 2011**

However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2011, none of the district's bank balance of \$5,852,161 was exposed to custodial credit risk.

Investments

As of June 30, 2011, the district had the following investments.

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities Money Market Mutual Fund	Less than one year	\$ <u>105,554</u>	AAA
		\$ <u><u>105,554</u></u>	

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

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

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

(3) Inter-fund Receivables, Payables and Transfers

The following is a summary of interfund transactions and balances.

A. Due From / To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Extended School Year Fund	\$ 95,447
	Other governmental funds	106,105
	Fiduciary Funds	22,238
16th Section Interest Fund	Other governmental funds	4,370
Other governmental funds	Summer Food Program	45,000
Fiduciary Funds	General Fund	5,031
Fiduciary Funds	16th Section Interest Fund	1,009
Fiduciary Funds	Other governmental funds	745
		<u>\$ 279,945</u>

The interfund loans were made mainly to cover the initial payments of reimbursable expenditures of federal and state programs. All inter-fund receivables and payables are expected to be repaid within one year.

**Coahoma County School District
Notes to Financial Statements
For the Year Ended June 30, 2011**

B. Inter-fund Transfers

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Extended School Year Fund	\$ 2,895
	Other governmental funds	156,366
Sixteenth Section Interest Fund	General Fund	250,000
Other governmental funds	General Fund	105,965
	Sixteenth Section Interest Fund	4,370
Total		<u>\$ 519,596</u>

The transfers were primarily for the following: indirect cost transfers, textbooks and transportation transfers into Educational Enhancement Funds, vocational and special education expenditure transfers, debt service transfers and the transfer of expendable resources to the sixteenth section interest funds.

(4) Restricted Assets

The restricted assets represent the cash balance in the amount of \$436,470 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets include the investment balance, in the amount of \$105,554, of the MAEP Limited Obligation Bond/Note Fund.

Coahoma County School District
Notes to Financial Statements
For the Year Ended June 30, 2011

(5) Capital Assets.

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

Governmental Activities:	Balance 7-1-2010	Increases	Decreases	Adjustments	Balance 6-30-2011
<u>Non-depreciable capital assets:</u>					
Land	27,423				27,423
	<u>27,423</u>	0		0	<u>27,423</u>
<u>Depreciable Capital Assets</u>					
Buildings	5,359,618				5,359,618
Building improvements	4,029,356				4,029,356
Mobile equipment	2,531,924		605,626		1,926,298
Furniture and equipment	725,316	22,636	36,157		711,795
Leased property under capital lease	190,200				190,200
Total depreciable capital Assets	<u>12,836,414</u>	22,636	641,783	0	<u>12,217,267</u>
<u>Less accumulated depreciation:</u>					
Buildings	2,615,183	73,247			2,688,430
Building improvements	2,047,923	161,167			2,209,090
Mobile equipment	1,768,284	92,980	545,063		1,316,201
Furniture & equipment	617,079	26,708	35,795		607,992
Leased property under capital lease	51,354	17,118			68,472
Total accumulated depreciation	<u>7,099,823</u>	371,220	580,858	0	<u>6,890,185</u>
Total depreciable capital assets, net	<u>5,736,591</u>	-348,584	60,925	0	<u>5,327,082</u>
Governmental activities capital assets, net	<u>5,764,014</u>	-348,584	60,925	0	<u>5,354,505</u>

Coahoma County School District
Notes to Financial Statements
For the Year Ended June 30, 2011

Depreciation expense was charged to the following governmental functions:

Governmental activities:	<u>Amount</u>
Instruction	\$ 259,854
Support services	74,244
Non-instructional services	<u>37,122</u>
Total depreciation expense - Governmental activities	<u>\$ 371,220</u>

(6) Long - term liabilities.

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

	<u>Balance</u>			<u>Balance</u>	<u>Amount due</u>
	07-01-2010	Additions	Reductions	06-30-2011	within one
					Year
A. General obligation bonds payable	\$ 1,830,000		235,000	1,595,000	245,000
B. Limited obligation bonds payable	1,130,000		125,000	1,005,000	130,000
C. Three mill notes payable	1,125,000		140,000	985,000	145,000
D. Shortfall notes payable	17,000		17,000	0	
E. Obligations under capital leases	445,333		53,762	391,571	\$6,754
F. Compensated absences payable	92,308	36,980		129,288	
Total	<u>\$ 4,639,641</u>	<u>36,980</u>	<u>570,762</u>	<u>4,105,859</u>	<u>576,754</u>

A. General obligation bonds payable.

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

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General obligations bonds, Refunding Series 2004	1.2-4.2%	02/01/04	11/10/16	3,160,000	1,595,000
Total				<u>\$ 3,160,000</u>	<u>1,595,000</u>

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

<u>Year ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 245,000	56,718	301,718
2013	250,000	48,238	298,238
2014	260,000	38,925	298,925
2015	270,000	38,925	308,925
2016	280,000	17,850	297,850
2017	290,000	6,090	296,090
Total	<u>\$ 1,595,000</u>	<u>206,746</u>	<u>1,801,746</u>

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2011**

This debt will be retired from the Bond Issue Retirement Fund (Debt Service Fund).

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss Code Ann. (1972). The total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2011, the amount of outstanding bonded indebtedness was equal to 2% of property assessments as of October 1, 2010.

B. 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
State aid capital improvement bonds, Series 1998	4.25-6.0%	03/01/98	03/01/18	2,250,000	1,005,000
Total				\$ 2,250,000	1,005,000

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

Year ending June 30	Principal	Interest	Total
2012	\$ 130,000	43,569	173,569
2013	135,000	37,881	172,881
2014	130,000	31,975	161,975
2015	140,000	23,225	163,225
2016	150,000	20,163	170,163
2017-2018	320,000	20,613	340,613
Total	\$ 1,005,000	177,426	1,182,426

This debt will be retired from the MAEP Retirement Fund (Debt Service Fund).

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.

C. Three mill notes payable

Debt currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
2006 Limited Tax School Note	3.96%	11/17/06	11/17/16	1,500,000	985,000
Total				\$ 1,500,000	985,000

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2011**

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

Year ending June 30	Principal	Interest	Total
2012	\$ 145,000	39,006	184,006
2013	155,000	33,264	188,264
2014	160,000	27,126	187,126
2015	170,000	20,790	190,790
2016	175,000	14,058	189,058
2017	180,000	7,128	187,128
Total	\$ 985,000	141,372	1,126,372

This debt will be retired from the Three Mill Notes Retirement Fund (Debt Service Fund).

D. Shortfall Note Payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall Note 2007	6.28%	8/14/07	10/13/10	48,000	0
Total				\$ 48,000	0

E. Obligations under capital lease

The school district has entered into a lease agreement as a lessee for financing the acquisition of three buses, an HVAC unit, a telephone system and cabling, two (2) portable storage buildings and a lighting project at a cost of \$600,000.

This lease qualifies as a capital lease for accounting purposes. Since some components are not capital related, the school district has decided to show a portion of the lease as capital and the remainder as non-capital. Of the \$391,571 balance outstanding as of June 30, 2011, \$109,640 (28%) is capital related debt and the remaining \$281,931 (72%) is non-capital related debt.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Master Lease - 2007	5.49%	10/10/07	04/10/17	600,000	391,571
Total				\$ 600,000	391,571

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

Year ending June 30	Principal	Interest	Total
2012	\$ 56,754	20,729	77,483
2013	59,913	17,570	77,483
2014	63,247	14,236	77,483
2015	66,767	10,716	77,483
2016	70,484	7,000	77,484
2017	74,406	3,077	77,483
Total	\$ 391,571	73,328	464,899

**Coahoma County School District
Notes to Financial Statements
For the Year Ended June 30, 2011**

The school district uses the straight-line method of amortization for the lease payments which is not in accordance with accounting principles generally accepted in the United States of America. However, the difference between the effective interest method and the straight-line method is not considered material.

The debt will be retired from the District Maintenance Fund.

F. Compensated absences payable

As more fully explained in Note 1(f)(7), compensated absences payable is adjusted on an annual basis as required by Section 37-7-305(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund which the employees' salaries were paid.

(7) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2011 was 12.00% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contribution to PERS for the fiscal years ending June 30, 2011, 2010, and 2009 were \$934,630 , \$1,060,325 and \$1,059,926, respectively, which equaled the required contributions for each year.

(8) 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 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 there from 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 of new leases.

Year Ending June 30	Amount
2012	\$ 583,509
2013	434,675
2014	235,846
2015	196,638
2016	1,013
Thereafter	22,406
Total	\$ 1,474,087

Coahoma County School District
Notes to Financial Statements
For the Year Ended June 30, 2011

(9) Contingencies

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

Litigation - The school district is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the school district with respect to the various proceedings. However, the school district's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

(10) 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.

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 72 school districts and covers risks of loss arising from injuries to the members' 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 purposes 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 Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess 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.

COAHOMA COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Coahoma County School District
 Budgetary Comparison Schedule for the General Fund
 For the Year Ended June 30, 2011

	Budget	Amounts	Actual	Variances	
				Original	Final
REVENUES					
Local sources	\$ 3,883,974	3,923,534	3,923,615	39,560	81
State sources	6,224,497	6,219,497	6,215,357	(5,000)	(4,140)
Federal sources	75,000	125,000	126,488	50,000	1,488
Total revenues	<u>10,183,471</u>	<u>10,268,031</u>	<u>10,265,460</u>	<u>84,560</u>	<u>(2,571)</u>
EXPENDITURES					
Instruction	5,570,759	5,637,718	5,238,338	(66,959)	399,380
Support services	4,702,998	4,765,061	4,581,465	(62,063)	183,596
Noninstructional services	40,901	28,844	25,157	12,057	3,687
Sixteenth section	0	1,021	1,019	(1,021)	2
Debt service					
Principal	78,850	79,327	53,762	(477)	25,565
Interest			24,196	0	(24,196)
Total expenditures	<u>10,393,508</u>	<u>10,511,971</u>	<u>9,923,937</u>	<u>(118,463)</u>	<u>588,034</u>
Excess (deficiency) of revenues over expenditures	<u>(210,037)</u>	<u>(243,940)</u>	<u>341,523</u>	<u>(33,903)</u>	<u>585,463</u>
OTHER FINANCING SOURCES (USES)					
Insurance loss recoveries	6,800	6,800	8,459	0	1,659
Operating transfers in	620,000	686,021	355,965	66,021	(330,056)
Operating transfers out	(479,022)	(594,261)	(159,261)	(115,239)	435,000
Miscellaneous other sources (uses)	44,023	68,672	(36,946)	24,649	(105,618)
Total other financing sources and uses	<u>191,801</u>	<u>167,232</u>	<u>168,217</u>	<u>(24,569)</u>	<u>985</u>
Net change in fund balances	<u>(18,236)</u>	<u>(76,708)</u>	<u>509,740</u>	<u>(58,472)</u>	<u>586,448</u>
Fund balances:					
July 1, 2010	<u>1,220,846</u>	<u>1,352,835</u>	<u>1,331,131</u>	<u>131,989</u>	<u>(21,704)</u>
June 30, 2011	<u>\$ 1,202,610</u>	<u>1,276,127</u>	<u>1,840,871</u>	<u>73,517</u>	<u>564,744</u>

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

Coahoma County School District
 Budgetary Comparison Schedule for the Extended School Year Fund
 For the Year Ended June 30, 2011

	Budget		Actual GAAP Basis	Variances	
	Original	Amounts Final		Original to Final	Final to Actual
REVENUES					
State sources	\$ 95,429	75,000	70,130	(20,429)	(4,870)
Total revenues	<u>95,429</u>	<u>75,000</u>	<u>70,130</u>	<u>(20,429)</u>	<u>(4,870)</u>
EXPENDITURES					
Instruction	69,936	40,276	40,276	29,660	0
Support services	26,493	37,619	32,749	(11,126)	4,870
Total expenditures	<u>96,429</u>	<u>77,895</u>	<u>73,025</u>	<u>18,534</u>	<u>4,870</u>
Excess (deficiency) of revenues over expenditures	<u>(1,000)</u>	<u>(2,895)</u>	<u>(2,895)</u>	<u>(1,895)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	2,895	2,895	2,895	0	0
Total financing sources (uses)	<u>2,895</u>	<u>2,895</u>	<u>2,895</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>1,895</u>	<u>0</u>	<u>0</u>	<u>(1,895)</u>	<u>0</u>
Fund balances:					
July 1, 2010	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
June 30, 2011	<u>\$ 1,895</u>	<u>0</u>	<u>0</u>	<u>(1,895)</u>	<u>0</u>

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

Coahoma County School District
 Budgetary Comparison Schedule for the Summer Food Program Fund
 For the Year Ended June 30, 2011

	Budget Original	Amounts Final	Actual GAAP Basis	Variances Positive (Negative)	
				Original to Final	Final to Actual
REVENUES					
Federal sources	\$ 35,000	58,205	53,205	23,205	(5,000)
Total revenues	<u>35,000</u>	<u>58,205</u>	<u>53,205</u>	<u>23,205</u>	<u>(5,000)</u>
EXPENDITURES					
Support services	1,000	806	806	194	0
Noninstructional services	34,000	64,239	55,212	(30,239)	9,027
Total expenditures	<u>35,000</u>	<u>65,045</u>	<u>56,018</u>	<u>(30,045)</u>	<u>9,027</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>(6,840)</u>	<u>(2,813)</u>	<u>(6,840)</u>	<u>4,027</u>
OTHER FINANCING SOURCES (USES)					
Transfer out	0	0	0	0	0
Total 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>(6,840)</u>	<u>(2,813)</u>	<u>(6,840)</u>	<u>4,027</u>
Fund balances:					
July 1, 2010,	<u>0</u>	<u>6,027</u>	<u>0</u>	<u>6,027</u>	<u>(6,027)</u>
Increase (Decrease) in reserve for inventory	0	6,027	6,027	6,027	0
June 30, 2011	<u>\$ 0</u>	<u>5,214</u>	<u>3,214</u>	<u>5,214</u>	<u>(2,000)</u>

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

Coahoma County School District
 Budgetary Comparison Schedule for the 16th Section Interest Fund
 For the Year Ended June 30, 2011

	Budget Original	Amounts Final	Actual GAAP Basis	Variances Positive (Negative)	
				Original to Final	Final to Actual
REVENUES					
Local sources	\$ 3,000	7,600	7,693	4,600	93
Sixteenth section sources	595,000	709,000	709,783	114,000	783
Total revenues	<u>598,000</u>	<u>716,600</u>	<u>717,476</u>	<u>118,600</u>	<u>876</u>
EXPENDITURES					
Sixteenth section	61,000	81,000	67,663	(20,000)	13,337
Total expenditures	<u>61,000</u>	<u>81,000</u>	<u>67,663</u>	<u>(20,000)</u>	<u>13,337</u>
Excess (deficiency) of revenues over expenditures	<u>537,000</u>	<u>635,600</u>	<u>649,813</u>	<u>98,600</u>	<u>14,213</u>
OTHER FINANCING SOURCES (USES)					
Operating transfer in	7,500	7,500	4,370	0	(3,130)
Operating transfer out	(250,000)	(250,000)	(250,000)	0	0
Total financing sources (uses)	<u>(242,500)</u>	<u>(242,500)</u>	<u>(245,630)</u>	<u>0</u>	<u>(3,130)</u>
Net change in fund balances	<u>294,500</u>	<u>393,100</u>	<u>404,183</u>	<u>98,600</u>	<u>11,083</u>
Fund balances:					
July 1, 2010,	<u>1,946,684</u>	<u>1,946,684</u>	<u>1,946,684</u>	<u>0</u>	<u>0</u>
June 30, 2011	<u>\$ 2,241,184</u>	<u>2,339,784</u>	<u>2,350,867</u>	<u>98,600</u>	<u>11,083</u>

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

**Coahoma County School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2011**

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.

COAHOMA COUNTY SCHOOL DISTRICT

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COAHOMA COUNTY SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

**Coahoma County School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011**

Schedule 1

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education		
Child Nutrition Cluster:		
National School Breakfast Program	10.553	\$ 293,836
National School Lunch Program	10.555	695,132
Summer Food Service Program for Children	10.559	80,281
Total child nutrition cluster		<u>1,069,249</u>
Fresh Fruit and Vegetable Program	10.582	46,244
Total U.S. Department of Agriculture Pass-Through Programs		<u>1,115,493</u>
<u>Federal Communications Commission</u>		
Direct Program:		
School Libraries of the Universal Service Fund	32.xxx	85,168
Total Federal Communications Commission		<u>85,168</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I, Part A Cluster		
Title I - Grants to Local Educational Agencies	84.010	1,673,798
ARRA - Title I - Grants to Local Educational Agencies Recovery Act	84.389	157,086
Total Title I, Part A Cluster		<u>1,830,884</u>
Special Education Cluster (IDEA):		
Special Education Grants to States	84.027	558,607
Special Education Preschool Grants	84.173	32,108
ARRA - Special Education Grants to States, Recovery Act	84.391	129,014
ARRA - Special Education-Preschool Grants, Recovery Act	84.392	2,255
Total Special Education Cluster (IDEA)		<u>721,984</u>
Education Technology State Grants Cluster		
ARRA - Education Technology State Grants, Recovery Act	84.386	236,224
Educational Technology Grants	84.318	10053
Total Education Technology Grants Cluster		<u>246,277</u>
Department of Education - Other Programs		
Safe and Drug-Free Schools and Communities _		
State Grants	84.186	12,094
Reading First State Grants	84.357	308,552
Rural Education	84.358	40,585
Improving Teacher Quality State Grants	84.367	234,668

Coahoma County School District
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2011

Schedule 1
 Page 2

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
ARRA-State Fiscal Stabilization Fund (SFSF)- Education State Grants, Recovery Act	84.394	380,548
Education Jobs Fund	84.410	284,170
 Total Other Programs		 <u>1,260,617</u>
 Total Department of Education Pass-Through Programs		 <u>4,059,762</u>
 <u>U.S. Department of Health and Human Services</u>		
Direct Program:		
Medical Assistance Program	93.778	41,320
Total U.S. Department of Health and Human Services - Direct Program		<u>41,320</u>
 Total Expenditures of Federal Awards		 \$ <u>5,301,743</u>

Notes to Schedule

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

Coahoma County School District
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2011

Schedule 2

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 10,904,060	8,072,755	590,609	694,254	1,546,442
Other	<u>5,547,448</u>	<u>1,719,183</u>	<u>253,353</u>	<u>21,387</u>	<u>3,553,525</u>
Total	\$ <u>16,451,508</u>	<u>9,791,938</u>	<u>843,962</u>	<u>715,641</u>	<u>5,099,967</u>
Total number of students	1,386				
Cost per student	\$ <u>11,870</u>	<u>7,065</u>	<u>609</u>	<u>516</u>	<u>3,680</u>

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

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

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

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

Other - includes all expenditure functions not included in Instruction or Administration Categories.

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

COAHOMA COUNTY SCHOOL DISTRICT

OTHER INFORMATION

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

	<u>Unaudited</u>			
	<u>2011</u>	<u>2010*</u>	<u>2009*</u>	<u>2008*</u>
Revenues:				
Local sources	\$ 3,923,615	3,648,812	3,502,745	3,408,930
State sources	6,215,357	6,399,263	7,056,871	7,520,283
Federal sources	126,488	133,152	33,160	627,616
	<u>10,265,460</u>	<u>10,181,227</u>	<u>10,592,776</u>	<u>11,556,829</u>
Expenditures:				
Instruction	5,238,338	5,604,704	6,362,178	6,116,302
Support services	4,581,465	4,592,234	4,783,594	5,752,153
Noninstructional services	25,157	20,609	24,353	16,654
Sixteenth section	1,019			
Debt service:				
Principal	53,762	50,928	48,243	55,496
Interest	24,196	28,742	31,386	24,921
	<u>9,923,937</u>	<u>10,297,217</u>	<u>11,249,754</u>	<u>11,965,526</u>
Excess (deficiency) of revenues over expenditures	<u>341,523</u>	<u>(115,990)</u>	<u>(656,978)</u>	<u>(408,697)</u>
Other Financing Sources (Uses)				
Proceeds of loans				48,000
Inception of capital leases		111,791	153,758	334,451
Insurance loss recoveries	8,459			10,167
Operating transfers in	355,965	367,457	52,041	59,000
Other financing sources	4,326			
Operating transfers out	(159,261)	(182,588)	(96,500)	(130,773)
Other financing uses	(41,272)	(27,355)	(57,586)	(57,973)
	<u>168,217</u>	<u>269,305</u>	<u>51,713</u>	<u>262,872</u>
Net Change in Fund Balances	<u>509,740</u>	<u>153,315</u>	<u>(605,265)</u>	<u>(145,825)</u>
Fund Balance:				
July 1,	<u>1,331,131</u>	<u>1,177,816</u>	<u>1,783,081</u>	<u>1,928,906</u>
June 30,	<u>\$ 1,840,871</u>	<u>1,331,131</u>	<u>1,177,816</u>	<u>1,783,081</u>

* SOURCE - PRIOR YEAR AUDIT REPORTS

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

Unaudited

	2011	2010*	2009*	2008*
Revenues:				
Local sources	\$ 4,573,931	4,327,983	4,254,313	4,167,791
Intermediate sources	65,951	47,031	61,966	
State sources	6,718,450	6,953,185	7,646,792	8,039,817
Federal sources	5,301,742	5,889,101	4,136,696	4,776,423
Sixteenth section sources	721,107	716,954	627,473	615,344
Total Revenue	17,381,181	17,934,254	16,727,240	17,599,375
Expenditures:				
Instruction	7,529,898	8,023,304	7,868,609	7,593,513
Support services	6,881,172	7,515,526	7,080,700	8,863,266
Noninstructional services	1,170,782	1,190,681	1,272,764	1,127,289
Sixteenth section	113,078	71,673	103,923	72,657
Debt service:				
Principal	570,762	614,928	591,243	563,496
Interest	185,232	210,588	234,091	244,244
Other	585	2,125	2,090	2,525
Total Expenditures	16,451,509	17,628,825	17,153,420	18,466,990
Excess (deficiency) of revenues over expenditures	929,672	305,429	(426,180)	(867,615)
Other Financing Sources (Uses)				
Proceeds of loans				48,000
Inception of capital leases		111,791	153,758	334,451
Insurance loss recoveries	8,459			10,167
Operating transfers in	519,596	550,045	154,911	227,986
Other financing sources	4,326			
Operating transfers out	(519,596)	(550,045)	(154,911)	(227,986)
Other financing uses	(49,103)	(27,355)	(57,586)	(57,973)
Total Other Financing Sources (Uses)	(36,318)	84,436	96,172	334,645
Net Change in Fund Balances	893,354	389,865	(330,008)	(532,970)
Fund Balance:				
July 1, as originally reported	4,782,259	4,410,003	4,739,963	5,279,749
Prior period adjustments		(7,000)		
July 1, as restated	4,782,259	4,403,003	4,739,963	5,279,749
Increase (decrease) in reserve for inventory	13,931	(10,610)	48	(6,816)
June 30,	\$ 5,689,544	4,782,258	4,410,003	4,739,963

* SOURCE - PRIOR YEAR AUDIT REPORTS

COAHOMA COUNTY SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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**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
Coahoma County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Coahoma County School District as of and for the year ended June 30, 2011, which collectively comprise the Coahoma County School District's financial statements and have issued our report thereon dated February 6, 2012. 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

Management of the Coahoma County School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Coahoma County 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 Coahoma County School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Coahoma County School District's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 used by anyone other than these specified parties.

Bridgers & Company, P.C.

Bridgers & Company, P.C.

Vicksburg, Mississippi

February 6, 2012

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AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Superintendent and School Board
Coahoma County School District

Compliance

We have audited the compliance of the Coahoma County 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Coahoma County School District's major federal programs are identified in the summary of auditors results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

In our opinion, the Coahoma County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the Coahoma County 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 Coahoma County 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, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

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

This report is intended solely for the information and use of the school board and management, others within the entity, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bridgers & Company, P.C.
Bridgers & Company, P.C.
Vicksburg, Mississippi
February 6, 2012

COAHOMA COUNTY SCHOOL DISTRICT

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

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

Superintendent and School Board
Coahoma County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Coahoma County School District as of and for the year ended June 30, 2011, which collectively comprise the Coahoma County School District's basic financial statements and have issued our report thereon dated February 6, 2012. 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 \$12,055, 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.

Bridgers & Company, P.C.
Bridgers & Company, P.C.
Vicksburg, Mississippi
February 6, 2012

COAHOMA COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Coahoma County School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Section 1: Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency identified that are not considered to be material weaknesses? | None reported |
| 5. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 6. Any audit finding(s) reported as required by Section __.510 of Circular A-133? | No |
| 7. Federal programs identified as major programs: | |
| a. Title I Cluster: | |
| CFDA# 84.010 | |
| CFDA# 84.389 | |
| b. Special Education Cluster: | |
| CFDA# 84.027 | |
| CFDA# 84.173 | |
| CFDA# 84.391 | |
| CFDA# 84.392 | |
| c. ARRA - State Fiscal Stabilization Fund (SF5F), Recovery Act | |
| CFDA# 84.394 | |
| d. Education Technology State Grants Cluster: | |
| CFDA# 84.318 | |
| CFDA# 84.386 | |
| e. Reading First State Grants | |
| CFDA# 84.357 | |

- | | |
|--|-----------|
| 8. The dollar threshold to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as a low-risk auditee? | Yes |

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

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