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

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

GEORGE COUNTY SCHOOL DISTRICT

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GEORGE COUNTY SCHOOL DISTRICT

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**GEORGE COUNTY SCHOOL DISTRICT**

**Financial Audit Report**

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**DAVID I. BRIDGERS, JR., CPA**

**INDEPENDENT AUDITOR'S REPORT**

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

Superintendent and School Board  
George 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 George County School District as of and for the year ended June 30, 2011, which collectively comprise the George County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the George 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 George 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 October 28, 2011, on our consideration of the George 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 George 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 George 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 basic 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  
October 28, 2011

**GEORGE COUNTY SCHOOL DISTRICT**

**MANAGEMENT DISCUSSION AND ANALYSIS**

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

The following discussion and analysis of the George 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 \$2,611,500, including a prior period adjustment of \$(39,905), which represents a 12% increase from fiscal year 2010. Total net assets for 2010 increased \$1,457,580, including a prior period adjustment of \$(139,195), which represents a 7% increase from fiscal year 2009.

General revenues amounted to \$23,829,367 and \$24,459,942, or 76% and 79% 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 \$7,665,332, or 24% of total revenues for 2011, and \$6,362,171, or 21% of total revenues for 2010.

The District had \$28,843,294 and \$29,225,338 in expenses for fiscal years 2011 and 2010; only \$7,665,332 for 2011 and \$6,362,171 for 2010 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$23,829,367 for 2011 and \$24,459,942 for 2010 were adequate to provide for these programs.

Among major funds, the General Fund had \$22,055,445 in revenues and \$19,166,366 in expenditures for 2011, and \$22,026,954 in revenues and \$20,739,884 in expenditures for 2010. The General Fund's fund balance increased by \$2,201,138 from 2010 to 2011, and increased by \$821,321, net of a prior period adjustment of \$(13,317), from 2009 to 2010.

Capital assets, net of accumulated depreciation, decreased by \$300,350 for 2011 and increased by \$450,450 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 \$1,054,841 for 2011 and increased by \$1,184,665 for 2010. The decrease for 2011 was primarily to the principal payments on outstanding long-term debt. The liability for compensated absences increased by \$20,968 for 2011 and decreased by \$18,384 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, 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.

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

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 of 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.

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.

GEORGE 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 immediately 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.

**GEORGE 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 \$25,197,282 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>	<b>Percentage Change</b>
Current assets	\$ 12,661,301	11,692,400	8.29%
Restricted assets	212,145	148,379	42.98%
Capital assets, net	20,111,498	20,411,848	-1.47%
<b>Total assets</b>	<b><u>32,984,944</u></b>	<b><u>32,252,627</u></b>	<b>2.27%</b>
Current liabilities	517,182	1,341,254	-61.44%
Long-term debt outstanding	7,270,750	8,325,591	-12.67%
<b>Total liabilities</b>	<b><u>7,787,932</u></b>	<b><u>9,666,845</u></b>	<b>-19.44%</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	13,106,978	13,088,986	0.14%
Restricted	5,140,808	4,727,470	8.74%
Unrestricted	6,949,496	4,769,326	45.71%
<b>Total net assets</b>	<b><u>\$ 25,197,282</u></b>	<b><u>22,585,782</u></b>	<b>11.56%</b>

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 \$300,350.

The principal retirement of \$ 1,075,809 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 \$31,494,699 and \$30,822,113, respectively. The total cost of all programs and services was \$28,843,294 for 2011 and \$29,225,338 for 2010.

GEORGE 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>
<b>Revenues:</b>			
Program revenues			
Charges for services	\$ 946,078	895,066	5.70%
Operating grants and contributions	6,719,254	5,467,105	22.90%
<b>General revenues:</b>			
Property taxes	4,360,478	4,195,246	3.94%
Grants and contributions not restricted	19,189,537	19,840,991	-3.28%
Investment earnings	114,885	133,758	-14.11%
Sixteenth section sources	57,041	243,667	-76.59%
Other	107,426	46,280	132.12%
<b>Total revenues</b>	<b><u>31,494,699</u></b>	<b><u>30,822,113</u></b>	<b>2.18%</b>
<b>Expenses:</b>			
Instruction	17,790,797	18,381,939	-3.22%
Support services	8,847,384	8,593,575	2.95%
Non-instructional	1,977,122	1,969,486	0.39%
Sixteenth section	28,694	18,204	57.62%
Interest on long-term liabilities	199,297	262,134	-23.97%
<b>Total expenses</b>	<b><u>28,843,294</u></b>	<b><u>29,225,338</u></b>	<b>-1.31%</b>
<b>Increase in net assets</b>	<b><u>2,651,405</u></b>	<b><u>1,596,775</u></b>	<b>66.05%</b>
<b>Net Assets, July 1</b>	<b><u>22,585,782</u></b>	<b><u>21,128,202</u></b>	<b>6.90%</b>
<b>Prior Period Adjustment</b>	<b><u>(39,905)</u></b>	<b><u>(139,195)</u></b>	<b>-71.33%</b>
<b>Net Assets Restated, July 1</b>	<b><u>22,545,877</u></b>	<b><u>20,989,007</u></b>	<b>7.42%</b>
<b>Net Assets, June 30</b>	<b><u>\$ 25,197,282</u></b>	<b><u>22,585,782</u></b>	<b>11.56%</b>

**Governmental activities**

The following table presents the cost of five major District function 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.

**GEORGE 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 Change
	2011	2010	
Instruction	\$ 17,790,797	18,381,939	-3.22%
Support services	8,847,384	8,593,575	2.95%
Non-instructional	1,977,122	1,969,486	0.39%
Sixteenth section	28,694	18,204	57.62%
Interest on long-term liabilities	199,297	262,134	-23.97%
<b>Total expenses</b>	<b>\$ 28,843,294</b>	<b>\$29,225,338</b>	<b>-1.31%</b>
	<u>Net (Expense) Revenue</u>		
	2011	2010	Change
Instruction	\$ (14,075,261)	(15,714,928)	-10.43%
Support services	(7,122,212)	(7,117,660)	0.06%
Non-instructional	247,502	215,177	15.02%
Sixteenth section	(28,694)	16,378	-275.20%
Interest on long-term liabilities	(199,297)	(262,134)	-23.97%
<b>Total net (expense) revenue</b>	<b>\$ (21,177,962)</b>	<b>(22,863,167)</b>	<b>-7.37%</b>

The net cost of governmental activities, (\$21,177,962 for 2011 and \$22,863,167 for 2010), was financed by general revenue, which is made up of primarily property taxes of (\$4,360,478 for 2011 and \$4,195,246 for 2010) and state and federal revenues of (\$19,189,537 for 2011 and \$19,840,991 for 2010). In addition, there was \$57,041 and \$243,667, in Sixteenth Section sources for 2011 and 2010, respectively.

Investment earnings amounted to \$114,885 for 2011 and \$133,758 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 \$12,427,922, an increase of \$1,840,663, which includes a prior period adjustment of \$(9,117) and a decrease in reserve for inventory of \$21,604. \$3,694,239, or 30%, 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 \$8,733,683, or 70%, 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.

**GEORGE 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 \$2,201,138. The fund balance of Other Governmental Funds showed a decrease in the amount of \$469,508, which includes a prior period adjustment of \$(9,117) and a decrease in reserve for inventory of \$21,604. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Basic Fund	no increase or decrease
EHA Part B Fund	no increase or decrease
Unemployment Compensation Fund	\$ 46,050
Sixteenth Section Interest Fund	\$ 62,983

**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 decreased during the fiscal year. Amounts originally budgeted were overstated.
- Budgeted amounts for revenue from state sources in the General Fund were decreased during the fiscal year to reflect a decrease in Mississippi Adequate Education Program (MAEP) funds resulting from budget cuts. However, the District did receive approximately \$1.2M in Budget Stabilization funds that were reported in a special fund. The budget was also revised to reflect the actual federal revenue received and expenditures reported in the Budget Stabilization Fund.
- Budgeted amounts for instruction expenditures in the General Fund were decreased during the fiscal year. This decrease is primarily a result of the reclassification of expenditures normally incurred in the General Fund to the Budget Stabilization Fund (special revenue fund) and federal funds were received to cover those expenditures. The budget was also revised to reflect the actual federal revenue received and expenditures incurred in the Budget Stabilization Fund.
- Budgeted amounts for support services expenditures in the General Fund were decreased during the fiscal year. Amounts originally budgeted were overstated.
- 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 \$34,854,918, including , land, school buildings, building improvements, other improvements, buses, other school vehicles and furniture and equipment. This amount represents a gross increase of \$310,244 from 2010. Total accumulated depreciation as of June 30, 2011 was \$14,743,420, and total depreciation expense for the year was \$921,797, resulting in total net capital assets of \$20,111,498.

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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
Land	\$ 91,760	91,760	0.00%
Construction in progress		1,175,702	-100.00%
Buildings	16,042,275	16,456,429	-2.52%
Building improvements	2,083,754	363,025	474.00%
Improvements other than buildings	588,019	637,148	-7.71%
Mobile equipment	1,020,382	1,253,678	-18.61%
Furniture and equipment	285,308	434,106	-34.28%
<b>Total</b>	<b>\$ 20,111,498</b>	<b>20,411,848</b>	<b>-1.47%</b>

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

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

**Debt Administration.** At June 30, 2011, the District had \$7,270,750 in outstanding long-term debt of which \$ 1,129,680 is due within one year. During the fiscal year, the District made principal payments in the amount of \$1,075,809 on existing long-term debt. The liability for compensated absences increased \$20,968 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	855,000	1,255,000	-31.87%
Limited obligation bonds payable	3,946,000	4,370,000	-9.70%
Three mill notes payable	261,255	513,064	-49.08%
Qualified school construction bonds payable	2,000,000	2,000,000	0.00%
Compensated absences payable	208,495	187,527	11.18%
<b>Total</b>	<b>\$ <u>7,270,750</u></b>	<b><u>8,325,591</u></b>	<b>-12.67%</b>

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

**CURRENT ISSUES**

The George 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 George County School District, 5152 Main Street, Lucedale, MS 39452.

GEORGE COUNTY SCHOOL DISTRICT

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**GEORGE COUNTY SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

## George County School District

## Statement of Net Assets

June 30, 2011

Exhibit A

Assets	Governmental Activities
Cash and cash equivalents	\$ 11,250,843
Due from other governments	1,325,944
Lease receivables	27,540
Inventories	56,974
Restricted assets	212,415
Capital assets, non-depreciable:	
Land	91,760
Capital assets, net of accumulated depreciation:	
Buildings	16,042,275
Building improvements	2,083,754
Improvements other than buildings	588,019
Mobile equipment	1,020,382
Furniture and equipment	285,308
Total Assets	<u>32,985,214</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	439,534
Unearned revenue	6,260
Interest payable on long-term liabilities	71,388
Long-term liabilities, due within one year:	
Capital related liabilities	1,119,255
Non-capital related liabilities	10,425
Long-term liabilities, due beyond one year:	
Capital related liabilities	5,943,000
Non-capital related liabilities	198,070
Total Liabilities	<u>7,787,932</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	13,106,978
Restricted for:	
Expendable:	
School based activities	2,576,222
Debt service	865,429
Forestry improvements	37,609
Unemployment benefits	1,551,483
Non-expendable:	
Sixteenth section	110,065
Unrestricted	6,949,496
Total Net Assets	<u>\$ 25,197,282</u>

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

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

Exhibit B

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
					<u>Governmental Activities Total</u>
<b>Governmental Activities:</b>					
Instruction	\$ 17,790,797	416,218	3,299,318		(14,075,261)
Support services	8,847,384	5,254	1,719,918		(7,122,212)
Noninstructional services	1,977,122	524,606	1,700,018		247,502
Sixteenth section	28,694				(28,694)
Interest on long-term liabilities	199,297				(199,297)
Total governmental activities	\$ 28,843,294	946,078	6,719,254		(21,177,962)
<b>General Revenues:</b>					
Taxes:					
Property taxes - general purposes levies				\$ 3,711,880	
Debt purpose levies				648,598	
Unrestricted grants and contributions:					
State				17,861,663	
Federal				1,327,874	
Unrestricted investment earnings				114,885	
Sixteenth section sources				57,041	
Other				107,426	
Total General Revenues				23,829,367	
Change in Net Assets					2,651,405
Net Assets - Beginning as originally reported					22,585,782
Prior Period Adjustments					(39,905)
Net Assets - Beginning - Restated					22,545,877
Net Assets - Ending					\$ 25,197,282

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

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

Exhibit C

	Major Funds						Total Governmental Funds
	General Fund	Title I Basic Fund	EHA Part B Fund	Unemployment Compensation Fund	16th Section Interest Fund	Other Governmental Funds	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 6,532,857			1,551,483	1,669,066	1,709,852	11,463,258
Due from other governments	440,920	139,259	108,863		361	618,853	1,308,256
Lease receivable					27,540		27,540
Due from other funds	433,554						433,554
Inventories						56,974	56,974
<b>Total Assets</b>	<b>7,407,331</b>	<b>139,259</b>	<b>108,863</b>	<b>1,551,483</b>	<b>1,696,967</b>	<b>2,385,679</b>	<b>13,289,582</b>
<b>LIABILITIES &amp; FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	249,340	41,756	355			148,083	439,534
Due to other funds		97,503	108,508			209,855	415,866
Unearned revenue						6,260	6,260
<b>Total Liabilities</b>	<b>249,340</b>	<b>139,259</b>	<b>108,863</b>			<b>364,198</b>	<b>861,660</b>
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Inventory						56,974	56,974
Permanent fund principal						110,065	110,065
<b>Restricted:</b>							
Debt service						936,817	936,817
Capital projects						57,735	57,735
Forestry improvement purposes						37,609	37,609
Unemployment benefits				1,551,483			1,551,483
Other commitments - facility upgrades					1,696,967		1,696,967
Other commitments - program operations						822,281	822,281
<b>Assigned:</b>							
School activities	238,223						238,223
Other purposes - special projects	3,225,529						3,225,529
Unassigned	3,694,239						3,694,239
<b>Total Fund Balances</b>	<b>7,157,991</b>			<b>1,551,483</b>	<b>1,696,967</b>	<b>2,021,481</b>	<b>12,427,922</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 7,407,331</b>	<b>139,259</b>	<b>108,863</b>	<b>1,551,483</b>	<b>1,696,967</b>	<b>2,385,679</b>	<b>13,289,582</b>

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

George 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	\$ 12,427,922	
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	\$ 91,760	
Buildings	25,886,602	
Building improvements	2,611,777	
Improvements other than buildings	1,198,905	
Mobile equipment	3,251,276	
Furniture and equipment	1,814,598	
Accumulated depreciation	<u>(14,743,420)</u>	20,111,498
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	\$ (855,000)	
Limited obligation bonds	(3,946,000)	
Other bonds payable	(2,000,000)	
Notes payable	(261,255)	
Compensated absences	(208,495)	
Accrued interest payable	<u>(71,388)</u>	(7,342,138)
Net Assets of Governmental Activities	\$ <u><u>25,197,282</u></u>	

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

George 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 Governmental Funds
	General Fund	Title I Basic Fund	EHA Part B Fund	Unemployment Compensation Fund	16th Section Interest Fund		
<b>REVENUES</b>							
Local sources	\$ 4,194,007			67,037		1,217,583	5,478,627
Intermediate sources	27,302						27,302
State sources	17,634,417					1,083,311	18,717,728
Federal sources	199,719	912,144	759,185			5,320,015	7,191,063
Sixteenth section sources					51,972	22,753	74,725
<b>Total Revenues</b>	<b>22,055,445</b>	<b>912,144</b>	<b>759,185</b>	<b>67,037</b>	<b>51,972</b>	<b>7,643,662</b>	<b>31,489,445</b>
<b>EXPENDITURES</b>							
Instruction	12,423,972	250,264	526,031			3,945,728	17,145,995
Support services	6,705,194	639,765	222,704	20,987		988,956	8,577,606
Noninstructional services	37,200	18,294				1,874,576	1,930,070
Sixteenth section					778	27,916	28,694
Facilities acquisition and construction						649,498	649,498
Debt Service:							
Principal						1,075,809	1,075,809
Interest						213,143	213,143
Other						2,500	2,500
<b>Total Expenditures</b>	<b>19,166,366</b>	<b>908,323</b>	<b>748,735</b>	<b>20,987</b>	<b>778</b>	<b>8,778,126</b>	<b>29,623,315</b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b>2,889,079</b>	<b>3,821</b>	<b>10,450</b>	<b>46,050</b>	<b>51,194</b>	<b>(1,134,464)</b>	<b>1,866,130</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Insurance recovery	5,254						5,254
Transfers in	49,571				11,789	859,212	920,572
Transfers out	(742,766)	(3,821)	(10,450)			(163,535)	(920,572)
<b>Total Other Financing Sources (Uses)</b>	<b>(687,941)</b>	<b>(3,821)</b>	<b>(10,450)</b>	<b>0</b>	<b>11,789</b>	<b>695,677</b>	<b>5,254</b>
<b>Net Change in Fund Balances</b>	<b>2,201,138</b>	<b>0</b>	<b>0</b>	<b>46,050</b>	<b>62,983</b>	<b>(438,787)</b>	<b>1,871,384</b>
<b>Fund Balances:</b>							
July 1, 2010, as originally reported	4,956,853			1,505,433	1,633,984	2,490,989	10,587,259
Prior period adjustments						(9,117)	(9,117)
July 1, 2010, as restated	4,956,853	0	0	1,505,433	1,633,984	2,481,872	10,578,142
<b>Increase (decrease) in reserve for inventory</b>						(21,604)	(21,604)
June 30, 2011	\$ 7,157,991	0	0	1,551,483	1,696,967	2,021,481	12,427,922

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

George 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>
<b>Net change in fund balances - governmental funds</b>	<b>\$ 1,871,384</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>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:</p>	
Capital outlay	\$ 690,636
Depreciation expense	<u>(921,797)</u> (231,161)
<p>2. In the Statement of Activities, only the gain/loss on the sale of assets 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.</p>	
	(38,401)
<p>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:</p>	
Payments of debt principal	1,075,809
Accrued interest payable	<u>16,346</u>
	1,092,155
<p>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:</p>	
Change on compensated absences	(20,968)
Change in inventory reserve	<u>(21,604)</u> (42,572)
<b>Change in net assets of governmental activities</b>	<b>\$ <u><u>2,651,405</u></u></b>

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

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

Exhibit E

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 365	\$ 664,257
Due from other funds		
	<hr/>	<hr/>
Total Assets	<u>365</u>	<u>664,257</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities		551,722
Due to other funds		17,688
Due to student clubs		94,847
		<hr/>
Total Liabilities		<u>\$ 664,257</u>
<b>Net Assets</b>		
Reserved for endowments	<u>365</u>	
Total Net Assets	<u>\$ 365</u>	

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

GEORGE COUNTY SCHOOL DISTRICT

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**George 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 George 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.

**George 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.

Title I Basic Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred under the Title I grants to local educational agencies program.

EHA Part B Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred under the Special Education grants to states program to assist the District in providing a free appropriate public education to all children with disabilities.

Unemployment Compensation Fund - This is a special revenue fund used to account for the unemployment compensation for the District.

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

**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 maintaining and improving sixteenth section lands.

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 two (2) private purpose trust funds which report trust arrangements. The fiduciary funds also include three (3) agency funds which are 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.

Capital Project Funds - Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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.

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

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

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

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

Ad valorem property taxes 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.

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

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

**E. Encumbrances.**

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

**F. Assets, liabilities, and net assets / 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.

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

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

5. Restricted Assets.

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable debt statutes, 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. In addition, unspent proceeds from the issuance of long-term debt reported as cash and cash equivalents in a Capital Projects Fund is classified as restricted assets because the funds are to be spent for specific purposes outlined in resolutions approved by the board, bond documentation, etc.

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.

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

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.

(\*\*) The estimated useful life is an amount deemed appropriate for the District's specific intangible assets, if applicable. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

The term 'depreciation' includes the amortization of intangible assets.

**7. Compensated Absences.**

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

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

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

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

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

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.

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 unassigned amounts.

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

(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.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$11,463,258 and \$664,622, respectively. The carrying amount of deposits reported in the government-wide financial statements was \$11,250,843 reported as cash and cash equivalents and \$212,415 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. 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 \$12,127,881 was exposed to custodial credit risk.

(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	Title I Basic Fund	\$ 97,503
	EHA Part B Fund	108,508
	Other Governmental Funds	209,855
	Fiduciary Funds	17,688
		\$ 433,554

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.

George 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	Other Governmental Funds	\$ 742,766
Title I Basic Fund	General Fund	3,821
EHA Part B Fund	General Fund	10,450
Other Governmental Funds	General Fund	35,300
	Sixteenth Section Interest Fund	11,789
	Other Governmental Funds	116,446
Total		\$ <u><u>920,572</u></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 \$110,065 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 cash balance in the amount of \$44,615 of the MAEP Retirement Fund (Debt Service Fund). Also, the cash balance in the amount of \$57,735 of the GCHS HVAC Fund (Capital Projects Fund) resulting from unspent proceeds of long-term debt is classified as restricted assets.

George 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	91,760				91,760
Construction in progress	1,175,702	649,498		(1,825,200)	0
	<u>1,267,462</u>	<u>649,498</u>		<u>(1,825,200)</u>	<u>91,760</u>
<u>Depreciable Capital Assets</u>					
Buildings	25,886,602				25,886,602
Building improvements	786,577			1,825,200	2,611,777
Improvements other than buildings	1,198,905				1,198,905
Mobile equipment	3,535,564		284,288		3,251,276
Furniture and equipment	1,869,564	41,138	112,436	16,332	1,814,598
Total depreciable capital Assets	<u>33,277,212</u>	<u>41,138</u>	<u>396,724</u>	<u>1,841,532</u>	<u>34,763,158</u>
<u>Less accumulated depreciation:</u>					
Buildings	9,430,173	414,154			9,844,327
Building improvements	423,552	104,471			528,023
Improve other than buildings	561,757	49,129			610,886
Mobile equipment	2,281,886	177,778	255,859	27,089	2,230,894
Furniture & equipment	1,435,458	176,265	102,464	20,031	1,529,290
Total accumulated depreciation	<u>14,132,826</u>	<u>921,797</u>	<u>358,323</u>	<u>47,120</u>	<u>14,743,420</u>
Total depreciable capital assets, net	<u>19,144,386</u>	<u>-880,659</u>	<u>38,401</u>	<u>1,794,412</u>	<u>20,019,738</u>
Governmental activities capital assets, net	<u>20,411,848</u>	<u>-231,161</u>	<u>38,401</u>	<u>-30,788</u>	<u>20,111,498</u>

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

Depreciation expense was charged to the following governmental functions:

<b>Governmental activities:</b>	<u>Amount</u>
Instruction	\$ 639,318
Support services	258,079
Non-instructional services	<u>24,400</u>
<b>Total depreciation expense - Governmental activities</b>	<u><u>\$ 921,797</u></u>

Adjustments were made to correctly report the cost of furniture and equipment and to correctly report the accumulated depreciation balances in mobile equipment and furniture and equipment.

**(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>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amount due</u>
	07-01-2010			06-30-2011	within one
					Year
A. General obligation bonds payable	\$ 1,255,000		400,000	855,000	420,000
B. Limited obligation bonds payable	4,370,000		424,000	3,946,000	438,000
C. Three mill notes payable	513,064		251,809	261,255	261,255
D. Qualified school construction bonds payable	2,000,000			2,000,000	
E. Compensated absences payable	187,527	20,968		208,495	10,425
<b>Total</b>	<u>\$ 8,325,591</u>	<u>20,968</u>	<u>1,075,809</u>	<u>7,270,750</u>	<u>1,129,680</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</u>	<u>Issue</u>	<u>Maturity</u>	<u>Amount</u>	<u>Amount</u>
	Rate	Date	Date	Issued	Outstanding
General obligation Bonds, Series 1999	3.45-4.4%	03-15-1999	03-15-2013	4,915,000	855,000
<b>Total</b>				<u>\$ 4,915,000</u>	<u>855,000</u>

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

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30			
2012	\$ 420,000	37,410	457,410
2013	435,000	19,140	454,140
<b>Total</b>	<u>\$ 855,000</u>	<u>56,550</u>	<u>911,550</u>

**George 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 1% 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
Limited obligation Bonds, Series 2008	3.35%	07-29-2008	02-01-2018	4,473,000	3,946,000
<b>Total</b>				<b>\$ 4,473,000</b>	<b>3,946,000</b>

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

Year ending June 30	Principal	Interest	Total
2012	\$ 438,000	124,855	562,855
2013	452,000	109,947	561,947
2014	468,000	94,537	562,537
2015	483,000	78,608	561,608
2016	499,000	62,159	561,159
2017-2018	1,606,000	72,745	1,678,745
<b>Total</b>	<b>\$ 3,946,000</b>	<b>542,851</b>	<b>4,488,851</b>

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.

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

**C. Three mill notes payable**

Debt currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three Mill Note	3.75%	12-5-2005	12-5-2011	1,432,425	261,255
<b>Total</b>				<b>\$ 1,432,425</b>	<b>261,255</b>

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

Year ending June 30	Principal	Interest	Total
2012	\$ 261,255	9,797	271,052
<b>Total</b>	<b>\$ 261,255</b>	<b>9,797</b>	<b>271,052</b>

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

**D. Qualified school construction bonds payable**

As more fully explained in Note 12, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction Bonds Payable	0%	11-5-2009	9-15-2024	2,000,000	2,000,000
<b>Total</b>				<b>\$ 2,000,000</b>	<b>2,000,000</b>

**E. 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.

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

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 \$ 1,976,370 , \$ 2,072,469 and \$ 2,026,328 , 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 therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals of new leases.

Year Ending June 30	Amount
2012	\$ 42,913
2013	33,512
2014	25,511
2015	19,604
2016	19,604
Thereafter	460,710
Total	\$ <u>601,854</u>

**(9) Prior Period Adjustments**

A summary of significant fund balance adjustments is as follows:

Exhibit B - Statement of Activities

Explanation	Amount
1. To correct a prior year error in recording an asset and to restate beginning fund balance in a governmental fund	\$ (9,117)
2. To correct balances in capital assets and accumulated depreciation.	(30,788)
Total	\$ <u>(39,905)</u>

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

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

Fund	Explanation	Amount
Other governmental funds	To correct a prior year error in recording an asset or liability and to restate beginning fund balance in a governmental fund	(9,117)
Total		<u>\$ (9,117)</u>

**(10) Contingencies**

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

**(11) Risk Management**

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

**(12) Qualified School Construction Bonds**

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2010 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows the state and local governments to borrow without incurring interest costs.

The school district makes equal payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U.S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2011 was \$0. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2012	\$
2013	153,000
2014	153,000
2015	154,000
2016	154,000
2017-2021	770,000
2022-2025	<u>616,000</u>
Total	<u>\$ 2,000,000</u>

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

**(13) Subsequent Events**

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of the George County School District evaluated the activity of the district through October 28, 2011, and determined that the following subsequent has occurred requiring disclosure in the notes to the financial statements:

Debt incurred prior to June 30, 2011:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Three Mill Note	1.86%	08-15-2011	07-01-2012	225,000	225,000
Total				\$ 225,000	225,000

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

**GEORGE COUNTY SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	Budget		Actual GAAP Basis	Variances Positive ( Negative)	
	Original	Amounts Final		Original to Final	Final to Actual
<b>REVENUES</b>					
Local sources	\$ 4,692,076	4,194,007	4,194,007	(498,069)	0
Intermediate sources		27,302	27,302	27,302	
State sources	19,065,977	17,634,417	17,634,417	(1,431,560)	0
Federal sources	82,500	199,719	199,719	117,219	0
Total revenues	<u>23,840,553</u>	<u>22,055,445</u>	<u>22,055,445</u>	<u>(1,785,108)</u>	<u>0</u>
<b>EXPENDITURES</b>					
Instruction	13,571,364	12,423,972	12,423,972	1,147,392	0
Support services	6,987,792	6,705,194	6,705,194	282,598	0
Noninstructional services	47,767	37,200	37,200	10,567	0
Total expenditures	<u>20,606,923</u>	<u>19,166,366</u>	<u>19,166,366</u>	<u>1,440,557</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>3,233,630</u>	<u>2,889,079</u>	<u>2,889,079</u>	<u>(344,551)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance loss recoveries		5,254	5,254	5,254	0
Operating transfers in	3,297,328	3,855,335	49,571	558,007	(3,805,764)
Operating transfers out	(6,231,117)	(4,548,530)	(742,766)	1,682,587	3,805,764
Total other financing sources and uses	<u>(2,933,789)</u>	<u>(687,941)</u>	<u>(687,941)</u>	<u>2,245,848</u>	<u>0</u>
Net change in fund balances	<u>299,841</u>	<u>2,201,138</u>	<u>2,201,138</u>	<u>1,901,297</u>	<u>0</u>
Fund balances:					
July 1, 2010	<u>3,043,965</u>	<u>4,956,853</u>	<u>4,956,853</u>	<u>1,912,888</u>	<u>0</u>
June 30, 2011	<u>\$ 3,343,806</u>	<u>7,157,991</u>	<u>7,157,991</u>	<u>3,814,185</u>	<u>0</u>

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

George County School District  
 Budgetary Comparison Schedule for the Title I Basic Fund  
 For the Year Ended June 30, 2011

	Budget		Actual GAAP Basis	Variances	
	Original	Amounts Final		Positive ( Negative )	
				Original to Final	Final to Actual
<b>REVENUES</b>					
Federal sources	\$ 884,179	851,545	912,144	(32,634) 0	60,599 0
Total revenues	<u>884,179</u>	<u>851,545</u>	<u>912,144</u>	<u>(32,634)</u>	<u>60,599</u>
<b>EXPENDITURES</b>					
Instruction	321,580	250,264	250,264	71,316	0
Support services	515,072	639,765	639,765	(124,693)	0
Noninstructional services	17,842	18,294	18,294	(452)	0
Total expenditures	<u>854,494</u>	<u>908,323</u>	<u>908,323</u>	<u>(53,829)</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>29,685</u>	<u>(56,778)</u>	<u>3,821</u>	<u>(86,463)</u>	<u>60,599</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer out	(7,500)	(3,821)	(3,821)	3,679	0
Total financing sources (uses)	<u>(7,500)</u>	<u>(3,821)</u>	<u>(3,821)</u>	<u>3,679</u>	<u>0</u>
Net change in fund balances	<u>22,185</u>	<u>(60,599)</u>	<u>0</u>	<u>(82,784)</u>	<u>60,599</u>
Fund balances:					
July 1, 2010		60,599		60,599	(60,599)
June 30, 2011	\$ <u>22,185</u>	<u>0</u>	<u>0</u>	<u>(22,185)</u>	<u>0</u>

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

George County School District  
 Budgetary Comparison Schedule for the EHA Part B Fund  
 For the Year Ended June 30, 2011

	Budget		Actual GAAP Basis	Variances	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES</b>					
Federal sources	\$ 866,685	759,185	759,185	(107,500)	0
Total revenues	<u>866,685</u>	<u>759,185</u>	<u>759,185</u>	<u>(107,500)</u>	<u>0</u>
<b>EXPENDITURES</b>					
Instruction	612,258	526,031	526,031	86,227	
Support services	243,977	222,704	222,704	21,273	
Total expenditures	<u>856,235</u>	<u>748,735</u>	<u>748,735</u>	<u>107,500</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>10,450</u>	<u>10,450</u>	<u>10,450</u>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer out	(10,450)	(10,450)	(10,450)	0	0
Total financing sources (uses)	<u>(10,450)</u>	<u>(10,450)</u>	<u>(10,450)</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances:					
July 1, 2010,	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
June 30, 2011	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

George County School District  
 Budgetary Comparison Schedule for the Unemployment Compensation Fund  
 For the Year Ended June 30, 2011

	Budget		Actual GAAP Basis	Variances Positive ( Negative )	
	Original	Amounts Final		Original to Final	Final to Actual
<b>REVENUES</b>					
Local sources	\$ 100,000	67,037	67,037	(32,963)	0
Total revenues	<u>100,000</u>	<u>67,037</u>	<u>67,037</u>	<u>(32,963)</u>	<u>0</u>
<b>EXPENDITURES</b>					
Support services	30,000	20,987	20,987	9,013	
Total expenditures	<u>30,000</u>	<u>20,987</u>	<u>20,987</u>	<u>9,013</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>70,000</u>	<u>46,050</u>	<u>46,050</u>	<u>(23,950)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer out					
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>70,000</u>	<u>46,050</u>	<u>46,050</u>	<u>(23,950)</u>	<u>0</u>
Fund balances:					
July 1, 2010,		<u>1,505,433</u>	<u>1,505,433</u>	<u>1,505,433</u>	
June 30, 2011	\$ <u>70,000</u>	<u>1,551,483</u>	<u>1,551,483</u>	<u>1,481,483</u>	<u>0</u>

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

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

	Budget		Actual GAAP Basis	Variances	
	Original	Amounts Final		Positive Original to Final	( Negative ) Final to Actual
<b>REVENUES</b>					
Sixteenth section sources	\$ 43,000	51,972	51,972	8,972	0
Total revenues	<u>43,000</u>	<u>51,972</u>	<u>51,972</u>	<u>8,972</u>	<u>0</u>
<b>EXPENDITURES</b>					
Sixteenth section		778	778		0
Total expenditures	<u>0</u>	<u>778</u>	<u>778</u>	<u>(778)</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>43,000</u>	<u>51,194</u>	<u>51,194</u>	<u>8,194</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfer in	14,000	11,789	11,789	(2,211)	
Operating transfer out	<u>(165,000)</u>			<u>165,000</u>	
Total financing sources (uses)	<u>(151,000)</u>	<u>11,789</u>	<u>11,789</u>	<u>162,789</u>	<u>0</u>
Net change in fund balances	<u>(108,000)</u>	<u>62,983</u>	<u>62,983</u>	<u>170,983</u>	<u>0</u>
Fund balances:					
July 1, 2010,		<u>1,633,984</u>	<u>1,633,984</u>	<u>1,633,984</u>	
June 30, 2011	\$ <u>(108,000)</u>	<u>1,696,967</u>	<u>1,696,967</u>	<u>1,804,967</u>	

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

George 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.

GEORGE COUNTY SCHOOL DISTRICT

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GEORGE COUNTY SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

**George 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		
<b>Child Nutrition Cluster:</b>		
National School Lunch Program	10.555	\$ 1,196,307
National School Breakfast Program	10.553	418,179
Summer Food Service Program for Children	10.559	8,622
Total U.S. Department of Agriculture Pass-Through Programs		<u>1,623,108</u>
<u>Federal Communications Commission</u>		
Direct Program:		
School Libraries of the Universal Service Fund	32.xxx	<u>90,449</u>
Total Federal Communications Commission		<u>90,449</u>
<u>Department of Defense</u>		
Direct Program:		
Reserve Officers Training Corps	12.xxx	<u>55,638</u>
Total Department of Defense		<u>55,638</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
<b>Title I, Part A Cluster</b>		
Title I - Grants to Local Educational Agencies	84.010	912,144
ARRA - Title I - Grants to Local Educational Agencies Recovery Act	84.389	<u>295,618</u>
Total Title I, Part A Cluster		<u>1,207,762</u>
<b>Special Education Cluster (IDEA):</b>		
Special Education Grants to States	84.027	780,243
Special Education Preschool Grants	84.173	32,714
ARRA - Special Education Grants to States, Recovery Act	84.391	653,375
ARRA - Special Education-Preschool Grants, Recovery Act	84.392	<u>12,936</u>
Total Special Education Cluster (IDEA)		<u>1,479,268</u>
<b>Education Technology State Grants Cluster</b>		
ARRA - Education Technology State Grants, Recovery Act	84.386	17,597
Educational Technology Grants	84.318	<u>111</u>
Total Education Technology Grants Cluster		<u>17,708</u>
Total Department of Education - Other Programs		
Career and Technical Education - Basic Grant to States	84.048	43,019
Safe and Drug-Free Schools and Communities _ State Grants	84.186	34,743
Education for Homeless Children and Youth	84.196	594

**George 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>
Rural Education	84.358	185,098
Improving Teacher Quality State Grants	84.367	224,527
ARRA-Education for Homeless Children And Youth, Recovery Act	84.387	854
ARRA-State Fiscal Stabilization Fund (SFSF)- Education State Grants, Recovery Act	84.394	1,202,804
Education Jobs Fund	84.410	898,182
<b>Total Other Programs</b>		<u>2,589,821</u>
<b>Total Department of Education Pass-Through Programs</b>		<u>5,294,559</u>
 <u>U.S. Department of Health and Human Services</u>		
Direct Program:		
Medical Assistance Program	93.778	34,621
<b>Total U.S. Department of Health and Human Services - Direct Program</b>		<u>34,621</u>
 <b>Total Expenditures of Federal Awards</b>		 <b>\$ <u>7,098,375</u></b>

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.

George 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	\$ 22,449,983	17,935,864	648,906	1,451,508	2,413,705
Other	<u>7,173,332</u>	<u>1,948,550</u>	<u>103,250</u>	<u>10,463</u>	<u>5,111,069</u>
Total	\$ <u>29,623,315</u>	<u>19,884,414</u>	<u>752,156</u>	<u>1,461,971</u>	<u>7,524,774</u>
Total number of students	4,144				
Cost per student	\$ <u>7,148</u>	<u>4,798</u>	<u>182</u>	<u>353</u>	<u>1,816</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.

**GEORGE COUNTY SCHOOL DISTRICT**

**OTHER SUPPLEMENTAL INFORMATION**

George 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>
<b>Revenues:</b>				
Local sources	\$ 4,194,007	3,891,698	3,895,305	3,533,088
Intermediate sources	27,302			66,167
State sources	17,634,417	17,957,552	20,341,459	20,598,520
Federal sources	199,719	177,704	133,394	228,528
<b>Total Revenue</b>	<u>22,055,445</u>	<u>22,026,954</u>	<u>24,370,158</u>	<u>24,426,303</u>
<b>Expenditures:</b>				
Instruction	12,423,972	13,639,845	15,552,773	16,032,691
Support services	6,705,194	6,983,896	7,588,772	7,643,976
Noninstructional services	37,200	47,426	44,971	132,713
Facilities acquisition and construction			32,772	171,782
Debt service:				
Principal		66,243	63,076	60,060
Interest		2,474	5,641	8,658
<b>Total Expenditures</b>	<u>19,166,366</u>	<u>20,739,884</u>	<u>23,288,005</u>	<u>24,049,880</u>
Excess (deficiency) of revenues over expenditures	<u>2,889,079</u>	<u>1,287,070</u>	<u>1,082,153</u>	<u>376,423</u>
<b>Other Financing Sources (Uses)</b>				
Insurance loss recoveries	5,254			180,790
Sale of transportation equipment			4,386	17,910
Sale of other property			190,397	
Operating transfers in	49,571	369,667	204,918	
Operating transfers out	(742,766)	(822,099)	(1,626,841)	(857,093)
<b>Total Other Financing Sources (Uses)</b>	<u>(687,941)</u>	<u>(452,432)</u>	<u>(1,227,140)</u>	<u>(658,393)</u>
<b>Net Change in Fund Balances</b>	<u>2,201,138</u>	<u>834,638</u>	<u>(144,987)</u>	<u>(281,970)</u>
<b>Fund Balance:</b>				
July 1, as originally reported	4,956,853	4,135,532	4,295,751	4,577,721
Prior period adjustments		(13,317)	(15,232)	
July 1, as restated	<u>4,956,853</u>	<u>4,122,215</u>	<u>4,280,519</u>	<u>4,577,721</u>
June 30,	<u>\$ 7,157,991</u>	<u>4,956,853</u>	<u>4,135,532</u>	<u>4,295,751</u>

\* SOURCE - PRIOR YEAR AUDIT REPORTS

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

Unaudited

	2011	2010*	2009*	2008*
<b>Revenues:</b>				
Local sources	\$ 5,478,627	5,215,558	5,374,850	5,059,225
Intermediate sources	27,302		10,500	66,167
State sources	18,717,728	19,067,666	21,413,081	21,728,317
Federal sources	7,191,063	6,240,430	4,118,984	4,042,349
Sixteenth section sources	74,725	298,459	280,008	164,605
<b>Total Revenue</b>	<b>31,489,445</b>	<b>30,822,113</b>	<b>31,197,423</b>	<b>31,060,663</b>
<b>Expenditures:</b>				
Instruction	17,145,995	17,863,219	18,122,468	18,302,700
Support services	8,577,606	8,516,694	8,955,778	8,840,917
Noninstructional services	1,930,070	1,965,533	2,039,352	2,349,010
Sixteenth section	28,694	111	15,412	7,950
Facilities acquisition and construction	649,498	1,193,795	706,828	288,746
Debt service:				
Principal	1,075,809	796,951	666,913	950,543
Interest	213,143	250,101	307,472	379,944
Other	2,500	24,400	275	855
<b>Total Expenditures</b>	<b>29,623,315</b>	<b>30,610,804</b>	<b>30,814,498</b>	<b>31,120,665</b>
Excess (deficiency) of revenues over expenditures	1,866,130	211,309	382,925	(60,002)
<b>Other Financing Sources (Uses)</b>				
Proceeds of loans		2,000,000		
Proceeds of refunding bonds			4,473,000	
Insurance loss recoveries	5,254			180,790
Sale of transportation equipment			4,386	17,910
Sale of other property			190,397	
Transfers in	920,572	1,516,739	2,177,837	1,142,996
Transfers out	(920,572)	(1,516,739)	(2,177,837)	(1,142,996)
Other			(4,670,000)	
<b>Total Other Financing Sources (Uses)</b>	<b>5,254</b>	<b>2,000,000</b>	<b>(2,217)</b>	<b>198,700</b>
<b>Net Change in Fund Balances</b>	<b>1,871,384</b>	<b>2,211,309</b>	<b>380,708</b>	<b>138,698</b>
<b>Fund Balance:</b>				
July 1, as originally reported	10,587,259	8,407,831	8,049,696	7,946,169
Prior period adjustments	(9,117)	(56,471)	(34,814)	(33,752)
July 1, as restated	10,578,142	8,351,360	8,014,882	7,912,417
Increase (decrease) in reserve for inventory	(21,604)	24,590	12,241	(1,419)
<b>June 30,</b>	<b>\$ 12,427,922</b>	<b>10,587,259</b>	<b>8,407,831</b>	<b>8,049,696</b>

\* SOURCE - PRIOR YEAR AUDIT REPORTS

**GEORGE COUNTY SCHOOL DISTRICT**

**REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

**BRIDGERS & COMPANY, P.C.**  
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DAVID I. BRIDGERS, JR., CPA

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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  
George County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the George County School District as of and for the year ended June 30, 2011, which collectively comprise the George County School District's financial statements and have issued our report thereon dated October 28, 2011. 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 George County School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the George 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 George County School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the George 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

October 28, 2011

**BRIDGERS & COMPANY, P.C.**  
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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  
George County School District

**Compliance**

We have audited the compliance of the George 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 George 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 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 George 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 George 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 George 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 preceding paragraph 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  
October 28, 2011

**GEORGE 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  
George County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the George County School District as of and for the year ended June 30, 2011, which collectively comprise the George County School District's basic financial statements and have issued our report thereon dated October 28, 2011. 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 \$ 181,242, 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

October 28, 2011

**GEORGE COUNTY SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**George 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. State Fiscal Stabilization Fund (SFSF) - Education<br>State Grants, Recovery Act<br>CFDA #84.394     |               |
| b. Education Jobs Fund<br>CFDA #84.410  |               |
| c. Title I, Part A Cluster:<br>CFDA # 84.010<br>CFDA # 84.389   |               |
| d. Child Nutrition Cluster<br>CFDA # 10.553<br>CFDA # 10.555<br>CFDA # 10.559                           |               |
| e. Special Education Cluster (IDEA)<br>CFDA # 84.027<br>CFDA # 84.173<br>CFDA # 84.391<br>CFDA # 84.392 |               |

- |  |           |
|--|-----------|
| 8. The dollar threshold to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as a low-risk auditee?                                | No        |

**Section 2: Financial Statement Findings**

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