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Greenville Public School District

Audited Financial Statements
June 30, 2011

Fortenberry & Ballard, PC
Certified Public Accountants

**Greenville Public School District
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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Greenville Public School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Public School District as of and for the year ended June 30, 2011, which collectively comprise the Greenville Public School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Greenville Public 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 previously 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 Greenville Public School District, as of June 30, 2011, and the respective changes in financial position thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2011, on our consideration of the Greenville Public School District's internal control over financial reporting and on 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 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.

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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 any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greenville Public 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 Greenville Public 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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
November 8, 2011

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Greenville Public School District
Management's Discussion and Analysis
June 30, 2011

The following discussion and analysis of Greenville Public 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 \$9,081,578, including a prior period adjustment of \$240,153, which represents a 180% increase from fiscal year 2010. Total net assets for 2010 increased \$4,443,252, including a prior period adjustment of \$105,685, representing a 724% increase from fiscal year 2009.
- General revenues amounted to \$38,912,505 and \$41,388,410 or 70% and 75% of all revenues for fiscal years 2011 and 2010, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$17,083,953, or 30% of total revenues for 2011, and \$14,204,577, or 25% of total revenues for 2010.
- The District had \$47,155,033 and \$51,255,420 in expenses for fiscal years 2011 and 2010; only \$17,083,953 for 2011 and \$14,204,577 for 2010 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$38,912,505 for 2011 and \$41,388,410 for 2010 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$36,401,496 in revenues and \$27,779,355 in expenditures for 2011, and \$37,644,300 in revenues and \$33,515,887 in expenditures for 2010. The General Fund's fund balance increased by \$7,771,228 from 2010 to 2011, including a prior period adjustment of \$158,195 and a decrease in inventory of \$17,974, and increased by \$3,607,733 from 2009 to 2010, including a prior period adjustment of \$246,759 and increase in inventory of \$17,831.
- Capital assets, net of accumulated depreciation, increased by \$215,843 for 2011 and decreased by \$523,368 for 2010. The increase for 2011 was due primarily to the additions to mobile equipment and furniture and equipment as well as adjustments made to record vehicles, computer equipment and furniture and equipment that were not recorded in the prior year.
- Long-term debt decreased by \$2,089,142 for 2011 and decreased by \$107,194 for 2010. This decrease was due primarily to the principal payments made on outstanding long-term debt as well as the retirement of a three mill note and qualified zone academy bonds totaling \$2,975,000. In addition, the liability for compensated absences increased by \$36,543 in 2011, and decreased by \$15,241 in 2010.

Greenville Public School District
Management's Discussion and Analysis
June 30, 2011

OVERVIEW OF THE 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.

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 periods.

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 financial resources measurement focus. The approach focus on near-term inflows and outflows of spendable resources, as well as

Greenville Public School District
Management's Discussion and Analysis
June 30, 2011

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 governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of 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 Balances 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 in 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.

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 in the

Greenville Public School District
Management's Discussion and Analysis
June 30, 2011

government-wide financial statements, but are reported as expenditures in 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 additional major special revenue fund as required by the Governmental Accounting Standard 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets

Net assets may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$14,138,279 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.

Greenville Public School District
Management's Discussion and Analysis
June 30, 2011

Table 1
Condensed Statement of Net Assets

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
Current assets	\$ 15,121,310	8,793,613	72%
Restricted assets	344,496	2,461,799	(86)%
Capital assets, net	<u>6,172,706</u>	<u>5,956,863</u>	4%
Total assets	<u>21,638,512</u>	<u>17,212,275</u>	26%
Current liabilities	532,209	3,116,101	(83)%
Long-term debt outstanding	<u>6,968,024</u>	<u>9,039,473</u>	(23)%
Total liabilities	<u>7,500,233</u>	<u>12,155,574</u>	(38)%
Net assets:			
Invested in capital assets, net of related debt	(539,682)	(2,863,517)	(81)%
Restricted	4,418,880	5,428,101	(19)%
Unrestricted	<u>10,259,081</u>	<u>2,492,117</u>	312%
Total net assets	<u>\$ 14,138,279</u>	<u>5,056,701</u>	180%

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

- Increase in net capital assets in the amount of \$215,843.
- The principal retirement of \$3,589,142 of long-term debt.
- Qualified zone academy bonds in the amount of \$2,500,000 and three mill note in the amount of \$475,000 were paid off and retired during the fiscal year.
- The issuance of qualified school construction bonds payable in the amount of \$1,500,000.

Changes in net assets

The District's total revenues for the fiscal years ended June 30, 2011 and June 30, 2010 were \$55,996,458 and \$55,592,987, respectively. The total cost of all programs and services was \$47,155,033 for 2011 and \$51,255,420 for 2010.

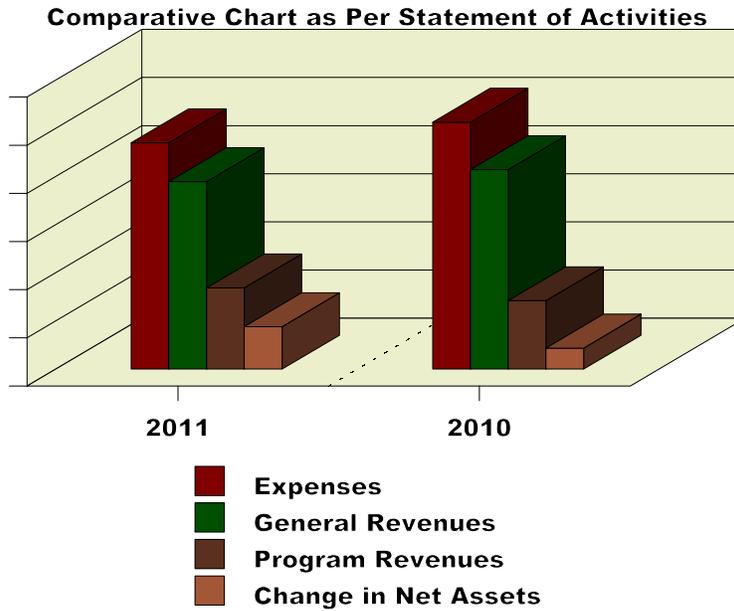
Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

Greenville Public School District
Management's Discussion and Analysis
June 30, 2011

Table 2
Changes in Net Assets

	<u>Year Ended June 30, 2011</u>	<u>Year Ended June 30, 2010</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 974,705	385,803	153%
Operating grants and contributions	15,857,220	13,565,965	17%
Capital grants and contributions	252,028	252,809	0%
Total program revenues	<u>17,083,953</u>	<u>14,204,577</u>	20%
General revenues:			
Property taxes and gaming	9,269,794	10,065,859	(8)%
Grants and contributions not restricted	29,366,166	30,993,042	(5)%
Unrestricted investment earnings	67,845	271,308	(75)%
Sixteenth section sources	124,303	16,793	640%
Other	84,397	41,408	104%
Total general revenues	<u>38,912,505</u>	<u>41,388,410</u>	(6)%
Total revenues	<u>55,996,458</u>	<u>55,592,987</u>	1%
Expenses:			
Instruction	26,841,080	29,174,006	(8)%
Support services	17,109,894	18,154,522	(6)%
Non-instructional	3,023,709	3,581,837	(16)%
Sixteenth section	14,636	4,971	194%
Interest on long-term debt	165,714	340,084	(51)%
Total expenses	<u>47,155,033</u>	<u>51,255,420</u>	(8)%
Increase (Decrease) in net assets	<u>8,841,425</u>	<u>4,337,567</u>	104%
Net Assets, July 1, as originally reported	5,056,701	613,449	724%
Prior Period Adjustment	<u>240,153</u>	<u>105,685</u>	127%
Net Assets, July 1, as restated	<u>5,296,854</u>	<u>719,134</u>	637%
Net Assets, June 30	<u>\$ 14,138,279</u>	<u>5,056,701</u>	180%

Greenville Public School District
Management's Discussion and Analysis
June 30, 2011



Governmental activities

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

Table 3
Net Cost of Governmental Activities

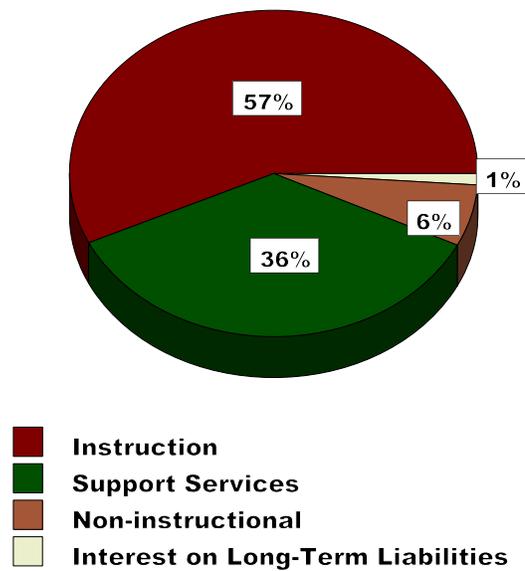
	<u>Total Expenses</u>		Percentage Change
	2011	2010	
Instruction	\$ 26,841,080	29,174,006	(8)%
Support services	17,109,894	18,154,522	(6)%
Non-instructional	3,023,709	3,581,837	(16)%
Sixteenth section	14,636	4,971	194%
Interest on long-term liabilities	165,714	340,084	(51)%
Total expenses	\$ 47,155,033	51,255,420	(8)%

Greenville Public School District
Management's Discussion and Analysis
June 30, 2011

Net (Expense) Revenue

	2011	2010	Percentage Change
Instruction	\$ (18,452,549)	(22,909,526)	(19)%
Support services	(11,989,771)	(14,110,295)	(15)%
Non-instructional	551,590	314,033	76%
Sixteenth section	(14,636)	(4,971)	194%
Interest on long-term liabilities	(165,714)	(340,084)	(51)%
Total net (expense) revenue	\$ (30,071,080)	(37,050,843)	(19)%

Chart of Expenses as Per Statement of Activities



- Net cost of governmental activities (\$30,071,080 for 2011 and \$37,050,843 for 2010) was financed by general revenue, which is primarily made up of property taxes (\$9,269,794 for 2011 and \$10,065,859 for 2010) and state and federal revenues (\$29,366,166 for 2011 and \$30,993,042 for 2010). In addition, there was \$124,303 and \$16,793 in Sixteenth Section sources for 2011 and 2010, respectively.
- Investment earnings amounted to \$67,845 for 2011 and \$271,308 for 2010.

Greenville Public School District
 Management's Discussion and Analysis
 June 30, 2011

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, unassigned 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 \$14,967,993, an increase of \$6,783,590, which includes a prior period adjustment of \$158,195 and a decrease in reserve for inventory of \$52,872. \$10,386,483, or 69% 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 \$4,581,510 or 31% 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.

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 \$7,771,228, which includes a prior period adjustment of \$158,195 and the decrease in inventory of \$17,974. The fund balance of Other Governmental Funds showed a decrease in the amount of \$987,638, which includes a decrease in reserve for inventory of \$34,898, due primarily to reflect inventory to actual. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title I Fund	no increase or decrease
ARRA - Title I Fund	no increase or decrease

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget.

- Budgeted amounts for revenue from local, state and federal sources in the General Fund were decreased. Amounts originally budgeted were overestimated.
- Budgeted amounts for revenue from federal sources in the Title I Fund were decreased. Amounts originally budgeted were overestimated.

Greenville Public School District
Management's Discussion and Analysis
June 30, 2011

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 supplemental information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2011, the District's total capital assets were \$21,265,693, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$346,540 from 2010. Total accumulated depreciation as of June 30, 2011, was \$15,092,987, and total depreciation expense for the year was \$350,564, resulting in total net capital assets of \$6,172,706.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
Land	\$ 42,480	42,480	0%
Buildings	4,802,008	4,900,727	(2)%
Building Improvements	94,827	99,818	(5)%
Improvements other than buildings	39,057	39,057	0%
Mobile equipment	813,042	775,207	5%
Furniture and equipment	381,292	99,574	283%
Total	<u>\$ 6,172,706</u>	<u>5,956,863</u>	4%

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

Debt Administration. At June 30, 2011, the District had \$6,854,926 in outstanding long-term debt, of which \$759,290 is due within one year. The liability for compensated absences increased \$36,543 from the prior year.

Greenville Public School District
Management's Discussion and Analysis
June 30, 2011

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 1,395,000	1,595,000	(13)%
Limited obligation bonds payable	3,700,000	4,080,000	(9)%
Three mill notes payable	0	475,000	(100)%
Qualified zone academy bonds payable	0	2,500,000	(100)%
Qualified school construction bonds payable	1,500,000		
Asbestos loan payable	4,290	38,432	(89)%
Compensated absences payable	255,636	219,093	17%
Total	<u>\$ 6,854,926</u>	<u>8,907,525</u>	(23)%

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

CURRENT ISSUES

The school district was assigned a state-appointed financial advisor in January 2011 as a result of negative general fund balance (\$864,244) at June 30, 2009, shown on the audit report for the period ended June 30, 2009. The school district, at the time of the naming of the financial advisor, had already begun steps to cut expenditures in response to a declining enrollment. By June 30, 2010, the fund balance in the general fund had increased to \$2,743,489. At June 30, 2011, the fund balance in the general fund had further increased to \$10,514,717. The school district expects to be released from financial advisement status within the next months.

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

Enrollment for the 2010-2011 school year decreased by 8% to 6,133 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, contact the Superintendent's Office of the Greenville Public School District, 412 S Main Street, Greenville, MS 38702-1619, or call 662-334-7000.

FINANCIAL STATEMENTS

GREENVILLE PUBLIC SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Governmental Activities
Assets	
<i>Cash and cash equivalents</i>	\$ 12,674,490
<i>Due from other governments</i>	2,397,113
<i>Inventories</i>	49,707
<i>Restricted assets</i>	344,496
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	42,480
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	4,802,008
<i>Building improvements</i>	94,827
<i>Improvements other than buildings</i>	39,057
<i>Mobile equipment</i>	813,042
<i>Furniture and equipment</i>	381,292
Total Assets	<u>21,638,512</u>
Liabilities	
<i>Accounts payable and accrued liabilities</i>	440,924
<i>Unearned revenue</i>	410
<i>Other Payables</i>	56,479
<i>Interest payable on long-term liabilities</i>	34,396
Long-term liabilities (due within one year):	
<i>Capital related liabilities</i>	759,290
Long-term liabilities (due beyond one year)	
<i>Capital related liabilities</i>	5,840,000
<i>Bond premium, capital related</i>	113,098
<i>Non-capital related liabilities</i>	255,636
Total Liabilities	<u>7,500,233</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	(539,682)
Restricted For:	
Expendable:	
School-based activities	1,665,340
Debt service	987,562
Capital improvements	1,517,484
Unemployment benefits	207,745
Sixteenth section	40,749
Unrestricted	10,259,081
Total Net Assets	<u>\$ 14,138,279</u>

The accompanying notes are an integral part of this statement.

GREENVILLE PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					Governmental Activities
<i>Instruction</i>	26,841,080	813,044	7,575,487	--	(18,452,549)
<i>Support services</i>	17,109,894	--	4,868,095	252,028	(11,989,771)
<i>Noninstructional services</i>	3,023,709	161,661	3,413,638	--	551,590
<i>Sixteenth section</i>	14,636	--	--	--	(14,636)
<i>Interest on long-term liabilities</i>	165,714	--	--	--	(165,714)
Total Governmental Activities	<u>\$ 47,155,033</u>	<u>\$ 974,705</u>	<u>\$ 15,857,220</u>	<u>\$ 252,028</u>	<u>(30,071,080)</u>
General Revenues:					
Taxes:					
<i>General purpose levies</i>					8,670,600
<i>Debt purpose levies</i>					443,093
<i>Gaming</i>					156,101
Unrestricted grants and contributions:					
<i>State</i>					27,042,709
<i>Federal</i>					2,323,457
<i>Unrestricted investment earnings</i>					67,845
<i>Sixteenth section sources</i>					124,303
<i>Other</i>					84,397
Total General Revenues					<u>38,912,505</u>
Change in Net Assets					<u>8,841,425</u>
Net Assets - Beginning, as originally reported					5,056,701
Prior Period Adjustment					240,153
Net Assets - Beginning, as restated					<u>5,296,854</u>
Net Assets - Ending					<u>\$ 14,138,279</u>

The accompanying notes are an integral part of this statement.

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GREENVILLE PUBLIC SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2011

	General Fund	Title I Fund
	<u> </u>	<u> </u>
Assets:		
<i>Cash and cash equivalents</i>	\$ 8,978,353	\$ --
<i>Investments</i>	--	--
<i>Due from other governments</i>	369,214	476,288
<i>Due from other funds</i>	1,414,932	--
<i>Inventories</i>	14,304	--
Total Assets	<u>\$ 10,776,803</u>	<u>\$ 476,288</u>
 Liabilities and Fund Balances:		
Liabilities:		
<i>Accounts payable and accrued liabilities</i>	\$ 205,607	\$ 70,699
<i>Due to other funds</i>	--	405,589
<i>Unearned revenue</i>	--	--
<i>Other Payables</i>	56,479	--
Total Liabilities	<u>262,086</u>	<u>476,288</u>
 Fund Balances:		
Nonspendable:		
<i>Permanent fund purposes</i>	--	--
<i>Inventory</i>	14,304	--
Restricted:		
<i>Unemployment benefits</i>	--	--
<i>Capital improvements</i>	--	--
<i>Debt service</i>	--	--
<i>Grant activities</i>	--	--
<i>Food service</i>	--	--
<i>Sixteenth section</i>	--	--
Assigned:		
<i>Activity funds</i>	113,930	--
Unassigned	10,386,483	--
Total Fund Balances	<u>10,514,717</u>	<u>--</u>
Total Liabilities and Fund Balances	<u>\$ 10,776,803</u>	<u>\$ 476,288</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C

ARRA - Title I Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 3,736,886	\$ 12,715,239
--	303,747	303,747
481,614	1,069,997	2,397,113
--	--	1,414,932
--	35,403	49,707
<u>\$ 481,614</u>	<u>\$ 5,146,033</u>	<u>\$ 16,880,738</u>
\$ 119,332	\$ 45,286	\$ 440,924
362,282	647,061	1,414,932
--	410	410
--	--	56,479
<u>481,614</u>	<u>692,757</u>	<u>1,912,745</u>
--	40,749	40,749
--	35,403	49,707
--	207,745	207,745
--	1,517,484	1,517,484
--	1,021,958	1,021,958
--	528,255	528,255
--	844,517	844,517
--	257,165	257,165
--	--	113,930
--	--	10,386,483
--	4,453,276	14,967,993
<u>\$ 481,614</u>	<u>\$ 5,146,033</u>	<u>\$ 16,880,738</u>

GREENVILLE PUBLIC SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2011

Total fund balances for governmental funds	\$ 14,967,993
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	6,172,706
Liabilities due in one year.	(759,290)
Payables for bond principal which are not due in the current period are not reported in the funds.	(4,340,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(34,396)
Payables for compensated absences not due in the current period are not reported in the funds.	(255,636)
Other long-term liabilities not due and payable in the current period are not reported in the funds.	(1,500,000)
Bond premiums are not reported in the governmental funds.	<u>(113,098)</u>
Net assets of governmental activities	<u>\$ 14,138,279</u>

The accompanying notes are an integral part of this statement.

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GREENVILLE PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Title I Fund
Revenues:		
Local sources	\$ 9,504,634	\$ --
State sources	26,408,017	--
Federal sources	488,845	4,560,912
Sixteenth section sources	--	--
Total Revenues	<u>36,401,496</u>	<u>4,560,912</u>
Expenditures:		
Instruction	16,405,121	1,965,120
Support services	11,340,092	2,429,376
Noninstructional services	--	91,611
Sixteenth section	--	--
Debt service:		
Principal	34,142	--
Interest	--	--
Other	--	--
Total Expenditures	<u>27,779,355</u>	<u>4,486,107</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,622,141</u>	<u>74,805</u>
Other Financing Sources (Uses):		
Proceeds of loans	--	--
Transfers in	441,484	--
Other financing sources	221,921	--
Transfers out	(1,654,539)	(74,805)
Other financing uses	--	--
Total Other Financing Sources (Uses)	<u>(991,134)</u>	<u>(74,805)</u>
Net Change in Fund Balances	<u>7,631,007</u>	<u>--</u>
Fund Balances:		
July 1, 2010, as originally reported	2,743,489	--
Prior period adjustments	158,195	--
July 1, 2010, as restated	<u>2,901,684</u>	<u>--</u>
Increase (decrease) in reserve for inventory	(17,974)	--
June 30, 2011	<u>\$ 10,514,717</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

ARRA - Title I Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 670,186	\$ 10,174,820
--	1,638,382	28,046,399
1,483,606	10,895,652	17,429,015
--	124,303	124,303
<u>1,483,606</u>	<u>13,328,523</u>	<u>55,774,537</u>
1,164,395	7,357,118	26,891,754
319,211	2,880,019	16,968,698
--	2,844,170	2,935,781
--	14,636	14,636
--	3,555,000	3,589,142
--	193,993	193,993
--	1,266	1,266
<u>1,483,606</u>	<u>16,846,202</u>	<u>50,595,270</u>
--	(3,517,679)	5,179,267
--	1,500,000	1,500,000
--	1,654,539	2,096,023
--	--	221,921
--	(366,679)	(2,096,023)
--	(222,921)	(222,921)
--	<u>2,564,939</u>	<u>1,499,000</u>
--	(952,740)	6,678,267
--	5,440,914	8,184,403
--	--	158,195
--	<u>5,440,914</u>	<u>8,342,598</u>
--	(34,898)	(52,872)
<u>\$ --</u>	<u>\$ 4,453,276</u>	<u>\$ 14,967,993</u>

GREENVILLE PUBLIC SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011*

Net change in fund balances - total governmental funds	\$ 6,678,267
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	495,969
The depreciation of capital assets used in governmental activities is not reported in the funds.	(350,564)
The gain or loss on the sale of capital assets is not reported in the funds.	(11,520)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	3,080,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	34,142
Repayment of principal is an expenditure in the funds but is not an expense in the SOA.	475,000
(Increase) decrease in accrued interest from beginning of period to end of period.	10,695
Change in inventory is an adjustment to fund balance in the funds but affects expense in the SOA.	(52,872)
Compensated absences do not use current financial resources, as such are not reported in the funds.	(36,543)
Proceeds of long-term debt is other financial resources in the funds but not revenue in SOA.	(1,500,000)
Bond premiums are reported in the funds but not in the SOA.	18,850
Rounding difference	<u>1</u>
Change in net assets of governmental activities	<u>\$ 8,841,425</u>

The accompanying notes are an integral part of this statement.

GREENVILLE PUBLIC SCHOOL DISTRICT

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

JUNE 30, 2011

	Agency Funds
Assets	
<i>Cash and other deposits</i>	\$ 1,981,455
Total Assets	<u>\$ 1,981,455</u>
Liabilities	
<i>Accounts Payable & Accrued Liabilities</i>	\$ 1,896,379
<i>Due to student clubs</i>	85,076
Total Liabilities	<u>\$ 1,981,455</u>

The accompanying notes are an integral part of this statement.

Greenville Public School District

Notes to the Financial Statements
June 30, 2011

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 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 clearer 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 an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Greenville since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

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

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

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

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

C. Government-wide and Fund Financial Statements

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

The Statement of Net Assets presents the District's 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 of 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, are 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 taxes and other items not 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

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

government-wide financial statements. Major individual governmental funds are reported in 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. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Title I Fund - This special revenue fund is the school district's federally funded program to supplement classroom teaching efforts.

ARRA - Title I Fund - This is a special revenue fund that accounts for federal funds received under the American Recovery and Reinvestment Act (ARRA), which provides additional funding for programs under Title I Part A to assist in the instruction of students from families that live in poverty.

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

The District's fiduciary funds include the following:

Payroll Clearing Fund - This fund serves as a clearing fund for payroll type transactions.

Club Funds - Represent amounts collected by student clubs to be used for student activities.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal 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

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 is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial 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. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

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

Greenville Public School District

Notes to the Financial Statements For the Year Ended June 30, 2011

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

Ad valorem property taxes are levied by the governing authority of the city 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 the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

E. Encumbrances

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

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

Activities 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 inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments

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

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

Depreciation is calculated on the straight-line basis for all assets, except land.

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years
Building Improvements	25,000	20 years
Improvements other than Buildings	25,000	20 years
Mobile Equipment	5,000	5-10 years
Furniture and Equipment	5,000	3-7 years
Leased Property Under Capital Leases	*	*

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

7. **Compensated Absences**

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

The liability for these compensated absences is recorded as a long-term liability 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 and Deferred Debt Expense**

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. Currently there are no bond issue costs, bond discounts or premiums presented in this report.

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.

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

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. 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 assigned) and activity that is legally or contractually required to remain intact, such as 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. Currently there is no committed fund balance for this school district.

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.

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

When an expenditure 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 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.

Note 2 - Cash and Cash Equivalents, Cash with Fiscal Agents and Investments

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33 (d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit and interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Greenville Public School District

Notes to the Financial Statements For the Year Ended June 30, 2011

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$12,715,239 and \$1,981,455, respectively. The carrying amount of deposits reported in the government-wide financial statements was: cash and cash equivalents of \$12,674,490 and restricted assets of \$40,749 (which represents the cash balance of the Sixteenth Section Principal Fund). The bank balance was \$14,156,033.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2011, none of the district's bank balance of \$14,156,033 was exposed to custodial credit risk.

Investments

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

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities in (years)</u>	<u>Fair Value</u>
Treasury Securities Money Market Funds	A	N/A	\$ <u><u>303,747</u></u>

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

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

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

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2011, the district had the following investments:

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Hancock Horizon Treasury Securities Money Market Class A	\$ 303,747	100 %

Note 3 - Interfund 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 Fund	\$ 405,589
	ARRA - Title I Fund	362,282
	Other Governmental Funds	<u>647,061</u>
Total		\$ <u><u>1,414,932</u></u>

The purpose of the inter-fund transactions was to provide funds for operating purposes. All balances are expected to be repaid within one year from the date of the financial statements.

C. Interfund Transfers

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Title I Fund	\$ 74,805
	Other Governmental Funds	366,679
Other Governmental Funds	General Fund	<u>1,654,539</u>
Total		\$ <u><u>2,096,023</u></u>

Transfers were made for indirect cost transfers and budgetary allocations. All transfers were routine and consistent with the fund making the transfer.

Note 4 - Restricted Assets

The restricted assets represent the cash balance, totaling \$40,749, 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 represent the investments balance, totaling \$303,747, of the MAEP Limited Obligation Bond/Note Fund.

Greenville Public School District

Notes to the Financial Statements For the Year Ended June 30, 2011

Note 5 - Capital Assets

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

	Balance 7-1-2010	Additions	Retirements	Adjustments	Balance 6-30-2011
<u>Non-depreciable capital assets</u>					
Land	\$ 42,480				42,480
Total non-depreciable capital assets	<u>42,480</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,480</u>
<u>Depreciable capital assets:</u>					
Buildings	15,327,512				15,327,512
Building improvements	124,772				124,772
Improvements other than buildings	195,284				195,284
Mobile equipment	3,090,012	151,838	85,061	31,173	3,187,962
Furniture and equipment	2,139,093	344,131	179,482	83,941	2,387,683
Total depreciable capital assets	<u>20,876,673</u>	<u>495,969</u>	<u>264,543</u>	<u>115,114</u>	<u>21,223,213</u>
<u>Less accumulated depreciation for:</u>					
Buildings	10,426,785	98,719			10,525,504
Building improvements	24,954	4,991			29,945
Improvements other than buildings	156,227				156,227
Mobile equipment	2,314,805	117,622	76,555	19,048	2,374,920
Furniture and equipment	2,039,519	129,232	176,468	14,108	2,006,391
Total accumulated depreciation	<u>14,962,290</u>	<u>350,564</u>	<u>253,023</u>	<u>33,156</u>	<u>15,092,987</u>
Total depreciable capital assets, net	<u>5,914,383</u>	<u>145,405</u>	<u>11,520</u>	<u>81,958</u>	<u>6,130,226</u>
Governmental activities capital assets, net	<u>\$ 5,956,863</u>	<u>145,405</u>	<u>11,520</u>	<u>81,958</u>	<u>6,172,706</u>

Adjustments were made to record mobile equipment and furniture and equipment not recorded in the prior year.

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instructional	\$ 245,395
Support services	70,113
Non-instructional	35,056
Total depreciation expense	<u>\$ 350,564</u>

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 6 - Long-Term Liabilities

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

	Balance 7-1-2010	Additions	Reductions	Balance 6-30-2011	Amounts due within one year
A. General obligation bonds payable	\$ 1,595,000		200,000	1,395,000	205,000
B. Limited obligation bonds payable	4,080,000		380,000	3,700,000	550,000
C. Three mills note payable	475,000		475,000	0	
D. Qualified zone academy bonds payable	2,500,000		2,500,000	0	
E. Qualified school construction bonds payable		1,500,000		1,500,000	
F. Other loans payable	38,432		34,142	4,290	4,290
G. Compensated absences payable	219,093	36,543		255,636	
Total	\$ 8,907,525	1,536,543	3,589,142	6,854,926	759,290

	Balance 7-1-2010	Change	Balance 6-30-2011
Bond Premiums	\$ 131,948	(18,850)	113,098
Total	\$ 131,948	(18,850)	113,098

A. General obligations 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:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Obligation Bonds, Series 2010	2.5-3.9%	12-01-04	12-01-17	\$ 2,375,000	1,395,000
Total				\$ 2,375,000	1,395,000

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

Year Ending June 30	Principal	Interest	Total
2012	\$ 205,000	45,646	250,646
2013	210,000	38,850	248,850
2014	220,000	31,645	251,645
2015	225,000	23,911	248,911
2016	235,000	15,629	250,629
2017 - 2018	300,000	8,010	308,010
Total	\$ 1,395,000	163,691	1,558,691

Greenville Public School District

Notes to the Financial Statements For the Year Ended June 30, 2011

This debt will be retired from the EEF Buildings and Buses Fund in the amount of \$1,395,000. The EEF Building and Buses Fund accounts for 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 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). 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 then 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 obligations bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State Aid Capital Improvement Bonds, Refunding Series 2009	3.45%	09-14-09	08-01-16	\$ 4,080,000	3,700,000
Total				\$ 4,080,000	3,700,000

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

Year Ending June 30	Principal	Interest	Total
2012	\$ 550,000	127,650	677,650
2013	580,000	108,675	688,675
2014	605,000	88,665	693,665
2015	630,000	67,792	697,792
2016	660,000	46,058	706,058
2017	675,000	23,288	698,288
Total	\$ 3,700,000	462,128	4,162,128

This debt will be retired from the Bond Issues Retirement Fund (#4035).

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 in the computation of the debt limit percentage.

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

C. Three mill notes payable

This debt has been paid off during the fiscal year and retired from the District Maintenance Fund.

D. Qualified zone academy bonds payable

As more fully explained in Note 9, this debt has been paid off and retired from the QZAB Retirement Fund.

E. Qualified school construction bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bond	4.68%	06-08-11	12-01-21	\$ 1,500,000	1,500,000
Total				\$ <u>1,500,000</u>	<u>1,500,000</u>

F. Other loans payable

The school district has issued debt instruments granted under the authority of Asbestos School Hazard Abatement Reauthorization Act of 1990, 20 U.S.C. 4011.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Asbestos Note	None	04-06-93	11-06-11	\$ 614,561	4,290
Total				\$ <u>614,561</u>	<u>4,290</u>

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

Year Ending June 30	Principal
2012	\$ <u>4,290</u>

This debt will be retired from the District Maintenance Fund (#1120).

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

G. Compensated absences payable

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

Note 7 - Defined Benefit Pension Plan

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2011 was 12.00% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2011, 2010 and 2009 were \$2,998,297, \$3,519,042, and \$3,920,844, respectively, which equaled the required contributions for each year.

Note 8 - Sixteenth Section Lands

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

Greenville Public School District

Notes to the Financial Statements For the Year Ended June 30, 2011

Year Ending June 30	Amount
2012	\$ 49,636
2013	49,636
2014	49,533
2015	49,533
2016	9,969
2017-2021	42,907
2022-2026	32,500
2027-2031	32,500
2032-2036	32,500
2037-2041	6,500
Total	\$ <u>355,214</u>

Note 9 - Qualified Zone Academy Bonds Payable

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary school, in partnership with the business community. The school district, in agreement with Duncan-Williams, Inc. has entered into such an arrangement dated July 20, 2000. The school district has twenty-six partners that will make contributions of at least ten percent of the sum generated by the issuance of bonds. The bonds will enhance public education by establishing math/science and technology academics at three schools.

This agreement establishes a method of repayment for a qualified interest-free debt instrument. The agreement requires the school district to deposit funds annually into a sinking fund account on or before June 15. The amount accumulated in the sinking fund at the end of the ten-year period was sufficient to retire and payoff the debt.

Note 10 - Qualified School Construction Bond

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no 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 state and local governments to borrow without incurring interest costs.

Greenville Public School District

Notes to the Financial Statements For the Year Ended June 30, 2011

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds of 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. Annual sinking fund deposit amounts are inclusive of any interest earnings for the prior 12 months. The indicated deposit amount will be reduced by the amount of the prior 12 months' interest earnings. 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		Principal
2012	\$	136,363
2013		136,363
2014		136,363
2015		136,363
2016		136,364
2017 - 2021		681,820
2022		136,364
Total	\$	<u>1,500,000</u>

Note 11 - 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 disallowances resulting from the grantor audit may become a liability of the school district.

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

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 12 - Risk Management

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

Note 13 - Prior Period Adjustment

A summary of significant fund balance adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation(s)</u>	<u>Amount</u>
1 See explanations below	\$ 158,195
2 To correctly present capital assets not recorded in prior year.	81,958
Total	\$ <u>240,153</u>

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

<u>Major Funds</u>	<u>Explanation(s)</u>	<u>Amount</u>
General Fund	To correctly state inventory	\$ (11,030)
General Fund	To adjust QZAB account in prior year.	169,225
Total		\$ <u>158,195</u>

Note 14 - 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 Greenville Public School District evaluated the activity of the district through the date the report was available to be issued, and determined that the following subsequent event occurred that requires disclosure in the notes to the financial statements:

The school board has approved of a Qualified School Construction Bonds totaling \$4,025,000 to be issued by June 30, 2012.

REQUIRED SUPPLEMENTAL INFORMATION

GREENVILLE PUBLIC SCHOOL DISTRICT

Exhibit 1

Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 9,643,600	9,504,636	9,504,634	(138,964)	(2)
State sources	26,601,384	26,428,813	26,408,017	(172,571)	(20,796)
Federal sources	2,544,216	468,049	488,845	(2,076,167)	20,796
Total Revenues	<u>38,789,200</u>	<u>36,401,498</u>	<u>36,401,496</u>	<u>(2,387,702)</u>	<u>(2)</u>
Expenditures:					
Instruction	22,329,011	16,405,119	16,405,121	5,923,892	(2)
Support services	13,080,089	11,340,093	11,340,092	1,739,996	1
Debt service:					
Principal	35,000	34,142	34,142	858	0
Total Expenditures	<u>35,444,100</u>	<u>27,779,354</u>	<u>27,779,355</u>	<u>7,664,746</u>	<u>(1)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>3,345,100</u>	<u>8,622,144</u>	<u>8,622,141</u>	<u>5,277,044</u>	<u>(3)</u>
Other Financing Sources (Uses):					
Proceeds of refunding bonds		221,921		221,921	(221,921)
Operating Transfers In	3,970,745	3,921,672	441,484	(49,073)	(3,480,188)
Other financing sources			221,921		
Operating Transfers Out	(5,282,116)	(5,134,727)	(1,654,539)	147,389	3,480,188
Total Other Financing Sources (Uses)	<u>(1,311,371)</u>	<u>(991,134)</u>	<u>(991,134)</u>	<u>320,237</u>	<u>0</u>
Net Change in Fund Balances	<u>2,033,729</u>	<u>7,631,010</u>	<u>7,631,007</u>	<u>5,597,281</u>	<u>(3)</u>
Fund Balances:					
July 1, 2010, as originally reported	1	2,894,739	2,743,489	2,894,738	(151,250)
Prior period adjustments		(11,030)	158,195	(11,030)	169,225
July 1, 2010, as restated	<u>1</u>	<u>2,883,709</u>	<u>2,901,684</u>	<u>2,883,708</u>	<u>17,975</u>
Increase (decrease) in reserve for inventory			(17,974)	0	(17,974)
June 30, 2011	<u>\$ 2,033,730</u>	<u>10,514,719</u>	<u>10,514,717</u>	<u>8,480,989</u>	<u>(2)</u>

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

GREENVILLE PUBLIC SCHOOL DISTRICT

Exhibit 2

Budgetary Comparison Schedule
 Title I Fund
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 4,341,760	3,631,974	4,560,912	(709,786)	928,938
Total Revenues	<u>4,341,760</u>	<u>3,631,974</u>	<u>4,560,912</u>	<u>(709,786)</u>	<u>928,938</u>
Expenditures:					
Instruction	1,875,553	1,965,120	1,965,120	(89,567)	0
Support services	2,477,516	2,429,376	2,429,376	48,140	0
Noninstructional services	59,988	91,611	91,611	(31,623)	0
Total Expenditures	<u>4,413,057</u>	<u>4,486,107</u>	<u>4,486,107</u>	<u>(73,050)</u>	<u>0</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(71,297)</u>	<u>(854,133)</u>	<u>74,805</u>	<u>(782,836)</u>	<u>928,938</u>
Other Financing Sources (Uses):					
Operating Transfers Out	(69,702)	(74,805)	(74,805)	(5,103)	0
Total Other Financing Sources (Uses)	<u>(69,702)</u>	<u>(74,805)</u>	<u>(74,805)</u>	<u>(5,103)</u>	<u>0</u>
Net Change in Fund Balances	<u>(140,999)</u>	<u>(928,938)</u>	<u>0</u>	<u>(787,939)</u>	<u>928,938</u>
Fund Balances:					
July 1, 2010, as originally reported		928,938		928,938	(928,938)
Prior period adjustments				0	0
July 1, 2010, as restated	<u>0</u>	<u>928,938</u>	<u>0</u>	<u>928,938</u>	<u>(928,938)</u>
June 30, 2011	<u>\$ (140,999)</u>	<u>0</u>	<u>0</u>	<u>140,999</u>	<u>0</u>

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

GREENVILLE COUNTY SCHOOL DISTRICT

Exhibit 3

Budgetary Comparison Schedule
ARRA Title I Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 2,444,967	1,159,080	1,483,606	(1,285,887)	324,526
Total Revenues	<u>2,444,967</u>	<u>1,159,080</u>	<u>1,483,606</u>	<u>(1,285,887)</u>	<u>324,526</u>
Expenditures:					
Instruction	1,763,132	1,164,395	1,164,395	598,737	0
Support services	673,907	319,212	319,211	354,695	1
Support services	5,475			5,475	0
Total Expenditures	<u>2,442,514</u>	<u>1,483,607</u>	<u>1,483,606</u>	<u>958,907</u>	<u>1</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,453</u>	<u>(324,527)</u>	<u>0</u>	<u>(326,980)</u>	<u>324,527</u>
Net Change in Fund Balances	<u>2,453</u>	<u>(324,527)</u>	<u>0</u>	<u>(326,980)</u>	<u>324,527</u>
Fund Balances:					
July 1, 2010				0	0
June 30, 2011	<u>\$ 2,453</u>	<u>(324,527)</u>	<u>0</u>	<u>(326,980)</u>	<u>324,527</u>

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

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

Greenville Public School District

Notes to the Required Supplemental Information
For the Year Ended June 30, 2011

Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

SUPPLEMENTAL INFORMATION

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 704,634
National School Lunch Program	10.555	2,358,993
Summer Food Program	10.559	163,087
Total Child Nutrition cluster		<u>3,226,714</u>
Total Passed-through the Mississippi Department of Education		<u>3,226,714</u>
Total U.S. Department of Agriculture		<u>3,226,714</u>
<u>U.S. Department of Defense</u>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	55,485
Total U.S. Department of Defense		<u>55,485</u>
<u>U.S. Department of Labor</u>		
Direct Program:		
ARRA - Employee Benefits Security Administration, Recovery Act	17.151	4,691
Total U.S. Department of Labor		<u>4,691</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The Schools and Libraries Program of the Universal Service Fund	32.xxx	341,003
Total Federal Communications Commission		<u>341,003</u>
<u>U.S. Department of Education</u>		
Passed-through the Mississippi Department of Education:		
Title I Cluster:		
Title I Grants to Local Educational Agencies	84.010	5,288,035
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	1,485,498
Total Title I Cluster		<u>6,773,533</u>
Education Technology Cluster:		
Education Technology State Grants	84.318	107,452
ARRA - Education Technology State Grants, Recovery Act	84.386	4,413
Total Education Technology Cluster		<u>111,865</u>
Career and Technical Education - Basic Grants to States	84.048	152,553
Safe and Drug-Free Schools and Communities - State Grants	84.186	133,598
Education for Homeless Children and Youth	84.196	9,760
Twenty-First Century Community Learning Centers	84.287	202,160
Improving Teacher Quality State Grants	84.367	902,475
School Improvement Grants	84.377	337,413
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	16,352
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	1,891,477
Education Jobs Fund	84.410	1,412,441
Subtotal		<u>5,058,229</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	1,274,786
Special Education - Preschool Grants	84.173	202,848
ARRA - Special Education Grants to States, Recovery Act	84.391	289,308
ARRA - Special Education Preschool Grants, Recovery Act	84.392	20,592
Total Special Education Cluster		<u>1,787,534</u>
Total passed-through the Mississippi Department of Education		<u>13,731,161</u>
Total U.S. Department of Education		<u>13,731,161</u>
Total for All Federal Awards		<u>\$ 17,359,054</u>

Notes to Schedule

1. This schedule was prepared using the same basis of accounting and significant accounting policies, as applicable, used for the general purpose financial statements.
2. The expenditure amounts include transfers out.

Greenville Public School District

Schedule 2

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 34,602,001	26,068,637	1,331,111	2,135,713	5,066,540
Other	15,993,269	5,644,370	1,015,076	13,613	9,320,210
Total	<u>\$ 50,595,270</u>	<u>31,713,007</u>	<u>2,346,187</u>	<u>2,149,326</u>	<u>14,386,750</u>
Total number of students *	6,133				
Cost per student	\$ 8,250	5,171	383	350	2,346

NOTES TO SCHEDULE

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.

General Administration - includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.

School Administration - includes expenditures for the following functions: Support Services - School Administration.

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

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

OTHER INFORMATION

GREENVILLE PUBLIC SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund

Last Four Years

	2011	2010*	2009*	2008*
Revenues:				
Local sources	\$ 9,504,634	9,770,728	9,377,375	10,049,171
Intermediate sources	26,408,017			4,062
State sources	488,845	27,525,221	31,384,857	32,139,919
Federal sources		348,351	282,928	1,303,964
Total Revenues	<u>36,401,496</u>	<u>37,644,300</u>	<u>41,045,160</u>	<u>43,497,116</u>
Expenditures:				
Instruction	16,405,121	19,036,795	26,248,150	26,863,843
Support services	11,340,092	13,861,465	14,578,078	16,232,660
Debt service:				
Principal	34,142	585,271	34,142	34,142
Interest		32,356		60,102
Total Expenditures	<u>27,779,355</u>	<u>33,515,887</u>	<u>40,860,370</u>	<u>43,190,747</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>8,622,141</u>	<u>4,128,413</u>	<u>184,790</u>	<u>306,369</u>
Other Financing Sources (Uses):				
Proceeds of refunding bonds		4,080,000		
Premium on debt issuance		131,948		
Insurance loss recoveries		2,215		19,061
Operating transfers in	441,484	1,066,432	656,692	5,609,420
Other financing sources	221,921			
Operating transfers out	(1,654,539)	(3,200,403)	(1,643,899)	(6,839,917)
Payment to refunded bond escrow agent		(2,865,462)		
Other financing uses			(150,000)	
Total Other Financing Sources (Uses)	<u>(991,134)</u>	<u>(785,270)</u>	<u>(1,137,207)</u>	<u>(1,211,436)</u>
Net Change in Fund Balances	<u>7,631,007</u>	<u>3,343,143</u>	<u>(952,417)</u>	<u>(905,067)</u>
Fund Balances:				
July 1, as originally reported	2,743,489	(864,244)	148,792	1,411,497
Prior period adjustment	158,195	246,759		(363,460)
July 1, as restated	<u>2,901,684</u>	<u>(617,485)</u>	<u>148,792</u>	<u>1,048,037</u>
Increase (Decrease) in reserve for inventory	(17,974)	17,831	(60,619)	5,822
June 30,	<u>\$ 10,514,717</u>	<u>2,743,489</u>	<u>(864,244)</u>	<u>148,792</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

GREENVILLE PUBLIC SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

All Governmental Funds

Last Four Years

	2011	2010*	2009*	2008*
Revenues:				
Local sources	\$ 10,174,820	10,762,162	10,360,163	11,103,428
Intermediate sources			3,667	4,062
State sources	28,046,399	29,318,038	33,116,283	33,748,147
Federal sources	17,429,015	15,493,778	12,954,637	13,707,162
Sixteenth section sources	124,303	16,793	88,835	68,461
Total Revenues	<u>55,774,537</u>	<u>55,590,771</u>	<u>56,523,585</u>	<u>58,631,260</u>
Expenditures:				
Instruction	26,891,754	28,671,644	32,666,329	33,715,331
Support services	16,968,698	18,088,656	18,873,397	20,771,889
Noninstructional services	2,935,781	3,591,899	4,105,609	3,928,184
Sixteenth section	14,636	4,971	1,825	881
Facilities acquisition and construction				
Debt service:				
Principal	3,589,142	704,142	679,142	899,142
Interest	193,993	222,528	278,633	522,270
Other	1,266	95,800	5,907	1,088
Total Expenditures	<u>50,595,270</u>	<u>51,379,640</u>	<u>56,610,842</u>	<u>59,838,785</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>5,179,267</u>	<u>4,211,131</u>	<u>(87,257)</u>	<u>(1,207,525)</u>
Other Financing Sources (Uses):				
Proceeds of refunding bonds		4,080,000		
Proceeds of loans	1,500,000	475,000		
Premium on debt issuance		131,948		
Insurance loss recoveries		2,215		19,061
Operating transfers in	2,096,023	4,266,835	2,540,170	7,963,132
Other financing sources	221,921			
Operating transfers out	(2,096,023)	(4,266,835)	(2,540,170)	(7,963,132)
Payment to refunded bond escrow agent		(4,111,984)		
Other financing uses	(222,921)	(283,832)	(150,000)	(151,251)
Total Other Financing Sources (Uses)	<u>1,499,000</u>	<u>293,347</u>	<u>(150,000)</u>	<u>(132,190)</u>
Net Change in Fund Balances	<u>6,678,267</u>	<u>4,504,478</u>	<u>(237,257)</u>	<u>(1,339,715)</u>
Fund Balances:				
July 1, as originally reported	8,184,403	3,340,445	3,282,276	4,997,415
Prior period adjustments	158,195	296,485	324,712	(363,460)
July 1, as restated	<u>8,342,598</u>	<u>3,636,930</u>	<u>3,606,988</u>	<u>4,633,955</u>
Increase (Decrease) in reserve for inventory	(52,872)	42,995	(29,286)	(11,964)
June 30,	<u>\$ 14,967,993</u>	<u>8,184,403</u>	<u>3,340,445</u>	<u>3,282,276</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Greenville Public School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Greenville Public School District as of and for the year ended June 30, 2011, which collectively comprise the Greenville Public School District's basic financial statements and have issued our report thereon dated November 8, 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 Greenville Public School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the school district's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the school district's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over financial reporting.

A 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greenville Public 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*.

We noted certain matters that we reported to management of Greenville Public School District in a separate letter dated November 8, 2011.

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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
November 8, 2011

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Greenville Public School District

Compliance

We have audited Greenville Public School District with the types of compliance requirements described in the 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 Greenville Public School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contract and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

In our opinion, the Greenville Public 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

Management of the Greenville Public 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 Greenville Public School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and

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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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as Finding 2011-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Greenville Public School District's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. We did not audit Greenville Public School District's response and, accordingly, we express no opinion on it.

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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
November 8, 2011

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Greenville Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Public School District as of and for the year ended June 30, 2011, which collectively comprise Greenville Public School District's basic financial statements and have issued our report thereon dated November 8, 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 ensure 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 \$311 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 ensure 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 disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

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BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

Finding 1:

Section 37-6-15, Miss. Code Ann. (1972), requires all board members to be bonded for at least \$50,000.

During the course of our audit, we noted three (3) board members were not bonded.

Recommendation:

The District should comply with Section 37-6-15.

Response:

The District will comply with Section 37-6-15.

Finding 2:

Section 29-3-121 requires the shared revenues to be divided according to applicable percentages derived from the appropriate list of children. The school district did not submit the list of educable children to the other school districts.

Recommendation:

The school district should comply with Section 29-3-121.

Response:

The school district will comply with Section 29-3-121.

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the findings in this report to insure that corrective action has been taken.

The Greenville Public School District's responses to the findings included in this report were not audited and, accordingly, we express no opinion on them.

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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
November 8, 2011

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Greenville Public School District

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unqualified.
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? 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(ies) identified? Yes.
5. Type of auditor's report issued on compliance for major programs: Unqualified.
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes.
7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.010 & 84.389	Title I Cluster
84.027, 84.173, 84.391 & 84.392	Special Education Cluster
84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
84.410	Education Jobs Fund

8. Dollar threshold used to distinguish between type A and type B programs: \$520,772.
9. Auditee qualified as low-risk auditee? No.

Section II: 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 III: Findings and Questioned Costs for Federal Awards

The results of our tests disclosed the following finding and questioned cost related to the federal awards.

Significant Deficiency

Program: Title I Grants to Local Educational Agencies
CFDA# 84.010 & 84.389
Grantor: United States Department of Education

Compliance Requirement: Matching Level of Effort

Finding 2011-1:

As prescribed in Section 9251 of Elementary and Secondary Education Act (ESEA), a local educational agency (LEA) may receive its full allocation only if the Maintenance of Effort (MOE) requirement is met. If an LEA fails to meet the MOE requirement, the State Education Agency (SEA) must reduce the amount of funds allocated under the programs covered by the MOE required in any fiscal year in the exact proportion by which the LEA fails to maintain effort by falling below 90 percent of either the combined fiscal effort per student or aggregate expenditures. During the course of our audit we noticed that the District was notified on August 2011 that the fiscal year 2012 allocations were decreased because of prior year's Maintenance of Effort not being met based on the 2009-2010 and 2008-2009 aggregate expenditures.

Recommendation:

Management should implement specific internal controls to make sure the MOE requirement is met, so allocations for ESEA programs will not be reduced.

**AUDITEE'S CORRECTIVE ACTION PLAN AND SUMMARY SCHEDULE OF PRIOR
AUDIT FINDINGS**

Greenville Public School District
PO Box 1619
Greenville, MS 38702-1619
Dr. Harvey A. Franklin, Superintendent
Lotis Johnson - Business Manager

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section ____.315(c) of OMB Circular A-133, the Greenville Public School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2011:

Finding

Corrective Action Plan Details

2011-1

a. Name of Contact Person Responsible for Corrective Action

Name: Lotis Johnson
Phone Number: 662-334-7001

b. Corrective Action Planned:

Management will implement specific internal controls to make sure the MOE requirement is met, so allocations for ESEA programs will not be reduced.

c. Anticipated Completion Date:

6-30-2012

Greenville Public School District
PO Box 1619
Greenville, MS 38702-1619
Dr. Harvey A. Franklin, Superintendent
Lotis Johnson - Business Manager

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As required by Section ____315(b) of OMB Circular A-133, the Greenville Public School District has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2011:

<u>Finding</u>	<u>Status</u>
2010-3	Corrected