



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

SENATOBIA MUNICIPAL SCHOOL DISTRICT

**Audited Financial Statements
For the Year Ended June 30, 2011**

**F.O. GIVENS & CO.
CERTIFIED PUBLIC ACCOUNTANTS**

SENATOBIA MUNICIPAL SCHOOL DISTRICT

TABLE OF CONTENTS

FINANCIAL AUDIT REPORT
 Independent Auditor's Report on the Basic Financial Statements and Supplemental Information.....4

MANAGEMENT'S DISCUSSION AND ANALYSIS.....6

FINANCIAL STATEMENTS
 Statement of Net Assets.....19
 Statement of Activities.....20
 Balance Sheet – Governmental Funds.....21
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets.....22
 Statement of Revenues, Expenditures and Changes in Fund Balances.....23
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund
 Balances to the Statement of Activities.....24
 Statement of Fiduciary Assets and Liabilities25
 Notes to the Financial Statements.....26

REQUIRED SUPPLEMENTAL INFORMATION
 Budgetary Comparison Schedule – General Fund.....43
 Budgetary Comparison Schedule – Title I Fund.....44
 Budgetary Comparison Schedule – Federal Ed Jobs Fund Fund.....45
 Budgetary Comparison Schedule – State Stabilization Fund.....46
 Budgetary Comparison Schedule – Title I ARRA Fund Fund.....47
 Budgetary Comparison Schedule – ARRA Preschool Fund.....48
 Budgetary Comparison Schedule – ARRA E2T2 Fund.....49
 Budgetary Comparison Schedule – ARRA Part B Fund.....50
 Notes to the Required Supplemental Information.....51

SUPPLEMENTAL INFORMATION
 Schedule of Expenditures of Federal Awards.....53
 Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds.....54

OTHER INFORMATION
 Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last
 Four Years.....56
 Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last
 Four Years.....57

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE
 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*.....60
 Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material
 Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance
 with OMB Circular A-133.....62

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS.....66

SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....68

SENATOBIA MUNICIPAL SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

SENATOBIA MUNICIPAL SCHOOL DISTRICT

(This page left blank intentionally)

F. O. GIVENS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

212 SOUTH WARD ST. SENATOBIA, MS 38668 PHONE 662/562-6721
5699 GETWELL ROAD, BUILDING E, SUITE 5 SOUTHAVEN, MS 38672 PHONE 662/349-3798

FRANK O. GIVENS, III
Certified Public Accountant

W. BUFORD GIVENS
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Senatobia Municipal School District

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2012, on our consideration of the Senatobia Municipal 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.

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 Senatobia Municipal 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 Senatobia Municipal 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.

F.O. Givens & Co.

F.O. Givens & Co.

February 29, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

(This page left blank intentionally)

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

The following discussion and analysis of Senatobia Municipal 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 \$948,540, net of a prior period adjustment of \$(14,249), which represents an 8% increase from fiscal year 2010.
- General revenues amounted to \$12,231,693 and \$12,036,023, or 80% and 80% 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 \$3,151,987, or 20% of total revenues for 2011, and \$3,012,440, or 20% of total revenues for 2010.
- The District had \$14,420,891 and \$14,743,749 in expenses for fiscal years 2011 and 2010; only \$3,151,987 for 2011 and \$3,012,440 for 2010 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$12,231,693 for 2011 and \$12,036,023 for 2010 were adequate to provide for these programs.
- Among major funds, the General Fund had \$11,271,249 in revenues and \$10,144,442 in expenditures for 2011, and \$10,952,603 in revenues and \$10,555,795 in expenditures in 2010. The General Fund's fund balance increased by \$5,087,115, including a prior period adjustment of \$4,273,634, from 2010 to 2011, and decreased by \$117,747 from 2009 to 2010.
- Capital assets, net of accumulated depreciation, decreased by \$442,503 for 2011 and decreased by \$297,391 for 2010. The decrease for 2011 was due to the increase in accumulated depreciation.
- Long-term debt decreased by \$602,830 for 2011 and decreased by \$550,798 for 2010. The decrease for 2011 was due primarily to the principal payments on outstanding long-term debt. However, the liability for compensated absences increased by \$7,270 for 2011 and increased by \$14,202 for 2010.

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 differences 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.

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional 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 focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for 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 non-major funds are combined 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 on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

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

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 Standards Board.

Supplemental Information

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

Other Information

Although not a required part of the basic financial statements, the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education.

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 \$12,135,717 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.

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

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

**Table 1
Condensed Statement of Net Assets**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	Percentage Change
Current assets	\$ 7,720,518	\$ 6,853,447	12.65 %
Capital assets, net	12,982,293	13,424,796	(3.30) %
Total assets	20,702,811	20,278,243	2.09 %
Current liabilities	319,724	240,866	32.74 %
Long-term debt outstanding	8,247,370	8,850,200	(6.81) %
Total liabilities	8,567,094	9,091,066	(5.76) %
Net assets:			
Invested in capital assets, net of related debt	4,852,293	4,684,696	3.58 %
Restricted	458,783	461,681	(0.63) %
Unrestricted	6,824,641	6,040,800	12.98 %
Total net assets	\$ 12,135,717	\$ 11,187,177	8.48 %

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

- Decrease in net capital assets in the amount of \$442,503.
- The principal retirement of \$610,100 of long-term debt.

Changes in net assets

The District's total revenues for the fiscal years ended June 30, 2011 and June 30, 2010 were \$15,383,680 and \$15,048,463, respectively. The total cost of all programs and services was \$14,420,891 for 2011 and \$14,743,749 for 2010.

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

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

**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	\$ 562,815	\$ 552,623	1.84 %
Operating grants and contributions	2,589,172	2,459,817	5.26 %
General revenues:			
Property taxes	3,320,709	3,109,094	6.81 %
Grants and contributions not restricted	8,715,240	8,610,417	1.22 %
Investment earnings	78,425	209,790	(62.62) %
Other	117,319	106,722	9.93 %
Total revenues	<u>15,383,680</u>	<u>15,048,463</u>	2.23 %
Expenses:			
Instruction	8,655,356	8,655,603	(0.00) %
Support services	4,639,945	4,945,660	(6.18) %
Non-instructional	752,431	742,663	1.32 %
Interest and other expenses on long-term liabilities	373,159	399,823	(6.67) %
Total expenses	<u>14,420,891</u>	<u>14,743,749</u>	(2.19) %
Increase (Decrease) in net assets	<u>962,789</u>	<u>304,714</u>	215.96 %
Net Assets, July 1, as originally reported	<u>11,187,177</u>	<u>10,882,463</u>	2.80 %
Prior Period Adjustment	<u>(14,249)</u>	-	N/A %
Net Assets, July 1, as restated	<u>11,172,928</u>	<u>10,882,463</u>	2.67 %
Net Assets, June 30	<u>\$ 12,135,717</u>	<u>\$ 11,187,177</u>	8.48 %

Governmental activities

The following table presents the cost of four major District functional activities: instruction, support services, non-instructional, 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.

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

**Table 3
Net Cost of Governmental Activities**

	<u>Total Expenses</u>		Percentage Change
	<u>2011</u>	<u>2010</u>	
Instruction	\$ 8,655,356	\$ 8,655,603	(0.00) %
Support services	4,639,945	4,945,660	(6.18) %
Non-instructional	752,431	742,663	1.32 %
Interest on long-term liabilities	373,159	399,823	(6.67) %
Total expenses	<u>\$ 14,420,891</u>	<u>\$ 14,743,749</u>	(2.19) %
	<u>Net (Expense) Revenue</u>		
	<u>2011</u>	<u>2010</u>	Percentage Change
Instruction	\$ (6,850,219)	\$ (7,156,112)	(4.27) %
Support services	(3,948,072)	(4,076,630)	(3.15) %
Non-instructional	(97,454)	(98,744)	(1.31) %
Interest on long-term liabilities	(373,159)	(399,823)	(6.67) %
Total net (expense) revenue	<u>\$ (11,268,904)</u>	<u>\$ (11,731,309)</u>	(3.94) %

- Net cost of governmental activities (\$11,268,904 for 2011 and \$11,731,309 for 2010) was financed by general revenue, which is primarily made up of property taxes (\$3,320,709 for 2011 and \$3,109,094 for 2010) and state and federal revenues (\$8,715,240 for 2011 and \$8,610,417 for 2010).
- Investment earnings amounted to \$78,425 for 2011 and \$209,790 for 2010.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental funds. The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, 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 \$7,437,763, an increase of \$783,002, which includes a prior period adjustment of \$(14,249) and an increase in reserve for inventory of \$9,097. \$2,360,946, or 32%, of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$5,076,817, or 68%, is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

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

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$5,087,115, which includes a prior period adjustment of \$4,273,634 due primarily to the current year reporting of General Funds committed for future capital projects in the General Fund that were reported in a Capital Projects Fund in previous fiscal years. The fund balance of Other Governmental Funds showed a decrease in the amount of \$4,304,113, which includes a prior period adjustment of \$(4,287,883) as discussed above and an increase in reserve for inventory of \$9,097. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Fund	no increase or decrease
Federal Ed Jobs Fund	no increase or decrease
State Stabilization Fund	no increase or decrease
Title I ARRA Fund	no increase or decrease
ARRA Preschool Fund	no increase or decrease
E2T2 ARRA Fund	no increase or decrease
ARRA Part B Fund	no increase or decrease

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District. Significant budget revisions made during the fiscal year are explained as follows:

- Budgeted amounts for revenue from local sources in the General Fund were increased during the fiscal year to reflect an increase in ad valorem receipts. Amounts originally budgeted were understated.
- Budgeted amounts for revenue from state sources in the General Fund were increased during the fiscal year to reflect an increase in Mississippi Adequate Education Program (MAEP) funds from the amounts originally budgeted.
- Budgeted amounts for instruction expenditures in the General Fund were decreased during the fiscal year. This decrease is primarily a result of the reclassification of expenditures normally incurred in the General Fund to the Budget Stabilization Fund (special revenue fund) and federal funds were received to cover those expenditures.
- Budgeted amounts for support services expenditures in the General fund were decreased during the fiscal year. Amounts originally budgeted were overstated.
- The District revised the budget to reflect revenue from federal sources and instruction expenditures in the Federal Ed Jobs Fund. This funding was received subsequent to the approval of the original budget.
- The District revised the budget to reflect revenue from federal sources and instruction and support services expenditures in the E2T2 ARRA Fund. The federal funds received were related to the American Recovery and Reinvestment Act (ARRA). This additional funding was received subsequent to the approval of the original budget.

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 fund(s) 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 \$18,095,990, including land, school buildings, building improvements and other improvements, buses, other school vehicles and furniture and equipment. Total accumulated depreciation as of June 30, 2011, was \$5,113,697, and total depreciation expense for the year was \$442,503, resulting in total net capital assets of \$12,982,293.

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

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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
Land	\$ 1,007,521	\$ 1,007,521	0.00 %
Buildings	9,202,758	9,128,789	0.81 %
Building improvements	2,130,160	2,232,862	(4.60) %
Improvements other than buildings	173,025	184,126	(6.03) %
Mobile equipment	389,566	448,155	(13.07) %
Furniture and equipment	79,263	110,181	(28.06) %
Leased property under capital leases	-	313,162	(100.00) %
Total	<u>\$ 12,982,293</u>	<u>\$ 13,424,796</u>	(3.30) %

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

Debt Administration. At June 30, 2011, the District had \$8,247,370 in outstanding long-term debt, of which \$640,869 is due within one year. During the fiscal year, the District made principal payments in the amount of \$610,100 on existing long-term debt. The liability for compensated absences increased \$7,270 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 8,130,000	\$ 8,695,000	(6.50) %
Obligations under capital leases	-	45,100	(100.00) %
Compensated absences payable	117,370	110,100	6.60 %
Total	<u>\$ 8,247,370</u>	<u>\$ 8,850,200</u>	(6.81) %

Additional information on the District's long-term debt can be found in Note 5 included in this report.

CURRENT ISSUES

The Senatobia Municipal School District is financially stable. The District is proud of its community support of the public schools.

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Senatobia Municipal School District, 104 McKie Street, Senatobia, MS 38668.

(This page left intentionally blank)

FINANCIAL STATEMENTS

(This page left intentionally blank)

SENATOBIA MUNICIPAL SCHOOL DISTRICT

**Statement of Net Assets
June 30, 2011**

Exhibit A

		Governmental Activities
Assets		
Cash and cash equivalents	\$	7,320,863
Due from other governments		363,476
Inventories		21,706
Prepaid items		14,473
Capital assets, non-depreciable:		
Land		1,007,521
Capital assets, net of accumulated depreciation:		
Buildings		9,202,758
Building improvements		2,130,160
Improvements other than buildings		173,025
Mobile equipment		389,566
Furniture and equipment		79,263
Total Assets		20,702,811
Liabilities		
Accounts payable and accrued liabilities		282,755
Interest payable on long-term liabilities		36,969
Long-term liabilities, due within one year:		
Capital related liabilities		635,000
Non-capital related liabilities		5,869
Long-term liabilities, due beyond one year:		
Capital related liabilities		7,495,000
Non-capital related liabilities		111,501
Total Liabilities		8,567,094
Net Assets		
Invested in capital assets, net of related debt		4,852,293
Restricted for:		
Expendable:		
School-based activities		301,469
Debt service		119,794
Unemployment benefits		37,520
Unrestricted		6,824,641
Total Net Assets	\$	12,135,717

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2011

Exhibit B

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
Instruction	\$ 8,655,356	\$ 435,022	\$ 1,370,115	\$ -	\$ (6,850,219)	
Support services	4,639,945	-	691,873	-	(3,948,072)	
Non-instructional	752,431	127,793	527,184	-	(97,454)	
Interest on long-term liabilities	373,159	-	-	-	(373,159)	
Total Governmental Activities	\$ 14,420,891	\$ 562,815	\$ 2,589,172	\$ -	\$ (11,268,904)	

General Revenues:

Taxes:

General purpose levies	2,472,463
Debt purpose levies	848,246

Unrestricted grants and contributions.

State	8,119,863
Federal	595,377
Unrestricted investment earnings	78,425
Other	117,319

Total General Revenues 12,231,693

Change in Net Assets 962,789

Net Assets - Beginning, as originally reported 11,187,177
Prior Period Adjustments (14,249)

Net Assets - Beginning, as restated 11,172,928

Net Assets - Ending \$ 12,135,717

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2011

Exhibit C

	Major Funds										Total Governmental Funds
	General Fund	Title I Fund	Federal Ed Jobs Fund	State Stabilization Fund	Title I ARRA Fund	ARRA Preschool Fund	EZTZ ARRA Fund	ARRA Part B Fund	Other Governmental Funds		
Assets											
Cash and cash equivalents	\$ 6,810,565	\$ 17,730	\$ -	\$ -	\$ 1,764	\$ -	\$ 233	\$ 204	\$ 490,367	\$ -	\$ 7,320,863
Due from other governments	180,076	75,609	-	-	8,147	556	541	8,050	90,497	-	363,476
Due from other funds	162,529	-	-	-	-	-	-	-	-	-	162,529
Inventories	-	-	-	-	-	-	-	-	21,706	-	21,706
Prepaid items	14,473	-	-	-	-	-	-	-	-	-	14,473
Total assets	\$ 7,167,643	\$ 93,339	\$ -	\$ -	\$ 9,911	\$ 556	\$ 774	\$ 8,254	\$ 602,570	\$ -	\$ 7,883,047
Liabilities and Fund Balances											
Liabilities:											
Accounts payable and accrued liabilities	\$ 211,159	\$ 17,730	\$ -	\$ -	\$ 1,764	\$ -	\$ 233	\$ 204	\$ 51,665	\$ -	\$ 282,755
Due to other funds	-	75,609	-	-	8,147	556	541	8,050	69,626	-	162,529
Total Liabilities	211,159	93,339	-	-	9,911	556	774	8,254	121,291	-	445,284
Fund Balances:											
Nonspendable:											
Inventory	-	-	-	-	-	-	-	-	21,706	-	21,706
Prepaid items	14,473	-	-	-	-	-	-	-	-	-	14,473
Restricted:											
Debt service	-	-	-	-	-	-	-	-	156,763	-	156,763
Unemployment benefits	-	-	-	-	-	-	-	-	37,520	-	37,520
Other commitments	-	-	-	-	-	-	-	-	265,290	-	265,290
Committed:											
Capital projects	4,335,331	-	-	-	-	-	-	-	-	-	4,335,331
Assigned:											
Other purposes	245,734	-	-	-	-	-	-	-	-	-	245,734
Unassigned	2,360,946	-	-	-	-	-	-	-	-	-	2,360,946
Total Fund Balances	6,956,484	-	-	-	-	-	-	-	481,279	-	7,437,763
Total Liabilities and Fund Balances	\$ 7,167,643	\$ 93,339	\$ -	\$ -	\$ 9,911	\$ 556	\$ 774	\$ 8,254	\$ 602,570	\$ -	\$ 7,883,047

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
 June 30, 2011

Exhibit C-1

Total fund balances for governmental funds	\$	7,437,763
Amounts reported for governmental activities in the statement of net assets are different because:		
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Land	\$	1,007,521
Buildings		12,670,418
Building improvements		2,567,559
Improvements other than buildings		277,533
Mobile equipment		1,209,570
Furniture and equipment		363,389
Accumulated depreciation		<u>(5,113,697)</u>
		12,982,293
2 Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds		(8,130,000)
Compensated absences		(117,370)
Accrued interest payable		<u>(36,969)</u>
		(8,284,339)
Net assets of governmental activities	\$	<u>12,135,717</u>

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2011

Exhibit D

	Major Funds										Total Governmental Funds
	General Fund	Title I Fund	Federal Ed Jobs Fund	State Stabilization Fund	Title I ARRA Fund	ARRA Pres-school Fund	EZT2 ARRA Fund	ARRA Part B Fund	Other Governmental Funds		
Revenues:											
Local sources	2,999,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,080,179	\$ -	4,079,269
State sources	8,204,313	-	-	-	-	-	-	-	167,441	-	8,371,754
Federal sources	67,846	436,765	364,120	527,530	85,104	6,692	123,879	9,052	1,311,669	-	2,932,657
Total Revenues	11,271,249	436,765	364,120	527,530	85,104	6,692	123,879	9,052	2,559,289	-	15,383,680
Expenditures:											
Instruction	6,199,840	259,756	364,120	527,530	73,968	25	15,672	6,789	849,571	-	8,297,271
Support services	3,856,661	160,742	-	-	7,443	6,329	103,962	2,263	428,799	-	4,566,219
Noninstructional services	39,072	2,746	-	-	3,037	-	-	-	698,711	-	743,566
Debt service:											
Principal	45,100	-	-	-	-	-	-	-	565,000	-	610,100
Interest	3,060	-	-	-	-	-	-	-	373,310	-	376,360
Other	719	-	-	-	-	-	-	-	1,291	-	2,010
Total Expenditures	10,144,442	423,244	364,120	527,530	84,448	6,354	119,654	9,052	2,916,682	-	14,595,526
Excess (Deficiency) of Revenues over (under) Expenditures	1,126,807	13,521	-	-	656	338	4,225	-	(357,393)	-	788,154
Other Financing Sources (Uses):											
Operating transfers in	37,653	-	-	-	-	-	-	-	350,979	-	388,632
Operating transfers out	(330,979)	(13,521)	-	-	(656)	(338)	(4,225)	-	(18,913)	-	(388,632)
Total Other Financing Sources (Uses)	(313,326)	(13,521)	-	-	(656)	(338)	(4,225)	-	332,066	-	-
Net Change in Fund Balances	813,481	-	-	-	-	-	-	-	(25,327)	-	788,154
Fund Balances											
July 1, 2010, as originally reported	1,869,369	-	-	-	-	-	-	-	4,785,392	-	6,654,761
Prior period adjustments	4,273,634	-	-	-	-	-	-	-	(4,287,883)	-	(14,249)
July 1, 2010, as restated	6,143,003	-	-	-	-	-	-	-	497,509	-	6,640,512
Increase (Decrease) in reserve for inventory	-	-	-	-	-	-	-	-	9,097	-	9,097
June 30, 2011	\$ 6,956,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 481,279	\$ -	\$ 7,437,763

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Governmental Funds

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

Exhibit D-1

Net change in fund balances - total governmental funds \$ 788,154

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

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

Capital outlay	\$ -	
Depreciation expense	(442,503)	(442,503)

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

Payments of debt principal	610,100	
Accrued interest payable	5,211	615,311

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

Change in compensated absences	(7,270)	
Change in inventory reserve	9,097	1,827

Change in net assets of governmental activities	\$	962,789
---	----	---------

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Fiduciary Funds

Statement of Fiduciary Assets and Liabilities
June 30, 2011

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 369,684
Total Assets	<u>\$ 369,684</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 351,447
Due to student clubs	<u>18,237</u>
Total Liabilities	<u>\$ 369,684</u>

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

SENATOBIA MUNICIPAL 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 Senatobia 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, Senatobia Municipal 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.

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:

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2011

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 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. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support, and other costs.

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

Federal Ed Jobs Fund - This is a special revenue fund that accounts for federal funds received under the American Recovery and Reinvestment Act (ARRA) to be used for salaries and benefits at the Senatobia Middle School.

State Stabilization Fund - This is a special revenue fund that accounts for federal funds received under the American Recovery and Reinvestment Act (ARRA) to be used for the support of public education and early childhood education programs and services.

Title I ARRA 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.

ARRA Preschool 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 Part B of IDEA to ensure that children, aged three through five, with disabilities have access to a free appropriate public education to meet each child's needs and prepare them for further education, employment and independent living.

E2T2 ARRA Fund - This is a special revenue fund that accounts for federal funds received under the American Recovery and Reinvestment Act (ARRA) to be used to provide an opportunity for school districts to implement classroom technology using innovative strategies that enhance instruction, facilitate teaching and learning, and improve student achievement.

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2011

ARRA Part B 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 Part B of IDEA to ensure that school aged children with disabilities have access to a free appropriate public education to meet each child's needs and prepare them for further education, employment and independent living.

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

The school district also reports fiduciary funds which focus on assets and liabilities only.

The District's fiduciary funds include the following:

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

Student Club Funds – These various funds account for the monies raised through school club activities and fund raisers and club related expenditures approved by the individual clubs.

Accounts Payable Clearing Fund – This fund serves as a clearing fund for accounts payable type transactions.

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 Funds - 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.

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.

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 or soon enough

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2011

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

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

Property 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 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 not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2011

State statutes specify how these depositories are to be selected.

Investments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the 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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2011

Net Assets. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

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

(**) The estimated useful life is an amount deemed appropriate by the district for a specific intangible asset. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

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

7. Compensated Absences

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

The liability for these compensated absences is recorded as 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, Deferred Debt Expense, and Bond Discounts/Premiums

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2011

using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 5 for details.

9. Fund Balances

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

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. 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. This formal action is a resolution approved by the Board.

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

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

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

Note 2 – Cash and Cash Equivalents

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits 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 district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2011

Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$7,320,863 and \$369,684, respectively. The carrying amount of deposits reported in the government-wide financial statements was \$7,320,863.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2011, none of the district's bank balance of \$8,126,103 was exposed to custodial credit risk.

Note 3 – Inter-fund Receivables, Payables and Transfers

The following is a summary of inter-fund transactions and balances:

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	\$ 75,609
	Title I ARRA Fund	8,147
	ARRA Preschool Fund	556
	E2T2 ARRA Fund	541
	ARRA Part B Fund	8,050
	Other governmental funds	69,626
Total		\$ 162,529

Interfund loans were made to remove negative cash balances in funds within pooled bank accounts resulting from the initial payments of reimbursable expenditures of federal and state programs. All balances are expected to be repaid within one year from the date of the financial statements.

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2011

B. Inter-fund Transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Other governmental funds	\$ 350,979
Title I Fund	General Fund	13,521
Title I ARRA Fund	General Fund	656
ARRA Preschool Fund	General Fund	338
ARRA Part B Fund	General Fund	4,225
Other governmental funds	General Fund	18,913
Total		<u>\$ 388,632</u>

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

Note 4 – Capital Assets

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

	Balance 7/1/2010	Increases	Decreases	Balance 6/30/2011
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 1,007,521	\$ -	\$ -	\$ 1,007,521
Total non-depreciable capital assets	<u>1,007,521</u>	<u>-</u>	<u>-</u>	<u>1,007,521</u>
<u>Depreciable capital assets:</u>				
Buildings	12,165,318	505,100		12,670,418
Building improvements	2,567,559			2,567,559
Improvements other than buildings	277,533			277,533
Mobile equipment	1,209,570			1,209,570
Furniture and equipment	363,389			363,389
Leased property under capital leases	505,100		505,100	-
Total depreciable capital assets	<u>17,088,469</u>	<u>505,100</u>	<u>505,100</u>	<u>17,088,469</u>
<u>Less accumulated depreciation for:</u>				
Buildings	3,036,529	431,131		3,467,660
Building improvements	334,697	102,702		437,399
Improvements other than buildings	93,407	11,101		104,508
Mobile equipment	761,415	58,589		820,004
Furniture and equipment	253,208	30,918		284,126
Leased property under capital leases	191,938	10,102	202,040	-
Total accumulated depreciation	<u>4,671,194</u>	<u>644,543</u>	<u>202,040</u>	<u>5,113,697</u>
Total depreciable capital assets, net	<u>12,417,275</u>	<u>(139,443)</u>	<u>303,060</u>	<u>11,974,772</u>
Governmental activities capital assets, net	<u>\$ 13,424,796</u>	<u>\$ (139,443)</u>	<u>\$ 303,060</u>	<u>\$ 12,982,293</u>

Depreciation expense was charged to the following governmental functions:

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2011

	Amount
Governmental activities:	
Instruction	\$ 352,996
Support services	71,908
Non-instructional	17,599
 Total depreciation expense - Governmental activities	 \$ 442,503

Note 5 – 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	\$ 8,695,000	\$	\$ 565,000	\$ 8,130,000	\$ 635,000
B. Obligations under capital leases	45,100		45,100	-	
C. Compensated absences payable	110,100	7,270		117,370	5,869
 Total	 \$ 8,850,200	\$ 7,270	\$ 610,100	\$ 8,247,370	\$ 640,869

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation bonds, Series 1998	4.3%-5.7%	3/15/1998	3/15/2014	\$ 3,500,000	\$ 945,000
2. General obligation bonds, Series 2006	4.0%-5.6%	6/1/2006	6/1/2026	8,300,000	7,185,000
Total				\$ 11,800,000	\$ 8,130,000

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

1. General obligation bond issue on March 15, 1998:

Year Ending June 30	Principal	Interest	Total
2012	\$ 300,000	\$ 43,470	\$ 343,470
2013	315,000	29,670	344,670
2014	330,000	15,180	345,180
Total	\$ 945,000	\$ 88,320	\$ 1,033,320

This debt will be retired from the 1998 Bond Issue Fund (Debt Service Fund).

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2011

2. General obligation bond issue on June 1, 2006:

Year Ending June 30	Principal	Interest	Total
2012	\$ 335,000	\$ 298,531	\$ 633,531
2013	350,000	279,688	629,688
2014	350,000	260,000	610,000
2015	375,000	246,000	621,000
2016	400,000	231,000	631,000
2017 – 2021	2,475,000	892,000	3,367,000
2022 – 2026	2,900,000	323,000	3,223,000
Total	\$ 7,185,000	\$ 2,530,219	\$ 9,715,219

This debt will be retired from the 2006 Bond Issue Fund (Debt Service Fund).

Total general obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2012	\$ 635,000	\$ 342,001	\$ 977,001
2013	665,000	309,358	974,358
2014	680,000	275,180	955,180
2015	375,000	246,000	621,000
2016	400,000	231,000	631,000
2017 – 2021	2,475,000	892,000	3,367,000
2022 – 2026	2,900,000	323,000	3,223,000
Total	\$ 8,130,000	\$ 2,618,539	\$ 10,748,539

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 11% of property assessments as of October 1, 2010.

B. Obligations under capital leases

The school district has entered into a lease agreement that qualifies as a capital lease for accounting purposes. Leased property under this lease is composed of a football stadium, parking area, and related facilities.

At the end of the primary lease period or when the general obligation bonds, Series 1991 issued by the City of Senatobia for the construction of the football facility are paid in full, the lessee shall have the option to purchase the leased property for \$100.

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2011

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Capital lease	varies	2/1/1992	8/1/2011	\$ 505,000	\$ -
Total				<u>\$ 505,000</u>	<u>\$ -</u>

This lease was paid in full during the fiscal year from the District Maintenance Fund (General Fund).

C. 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 6 – Defined Benefit Pension Plan

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

Funding Policy. PERS members are required to contribute 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 \$931,181, \$931,285 and \$869,099, respectively, which equaled the required contributions for each year.

Note 7 – Prior Period Adjustments

A summary of significant fund balance adjustments is as follows:

Exhibit B - Statement of Activities

Explanation	Amount
To correct an error in recording a prior year asset or liability at the governmental fund level	\$ (14,249)
Total	<u>\$ (14,249)</u>

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2011

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

Fund	Explanation	Amount
General Fund	To properly reflect General Funds committed for future capital projects that were reported in a Capital Projects Fund in prior fiscal years	\$ 4,287,883
General Fund	To correct error in recording a prior year asset or liability	(14,249)
Other governmental funds	To properly reflect General Funds committed for future capital projects that were reported in a Capital Projects Fund in prior fiscal years	(4,287,883)
Total		<u>\$ (14,249)</u>

Note 8 – 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.

Note 9 – 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 10 – Alternative School Center

The school district entered into an Alternative School Agreement dated May 13, 1999 creating the Senatobia-Tate County Regional Optional Learning Center. This center was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Senatobia Municipal School District and the Tate County School District.

Section 37-13-92 (6), Miss. Code Ann. (1972), allows two or more adjacent school districts to enter into a contract to operate an alternative school program. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the alternative school program. Transportation for students attending the alternative school program will be the responsibility of the individual school district sending the students.

The Senatobia Municipal School District has been designated as the lead school district for the Senatobia-Tate County Regional Optional Learning Center, and the operations of the center are included in its financial statements.

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2011

The following Statement of Revenues, Expenditures and Changes in Fund Balances is presented to detail the financial activity of the Senatobia-Tate County Regional Optional Learning Center.

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2011

Revenues

Local sources:

Tuition from other LEA's within the state:

Tate County School District	\$ 166,043
-----------------------------	------------

Total tuition from other LEA's within the state	166,043
---	---------

Total Revenues	166,043
----------------	---------

Expenditures

Salaries	181,672
----------	---------

Employee benefits	32,557
-------------------	--------

Purchased professional and technical services	
---	--

Other professional services	
-----------------------------	--

Purchased property services	15,305
-----------------------------	--------

Other purchased services	42,011
--------------------------	--------

Supplies	1,975
----------	-------

Property	7,404
----------	-------

Other	2,000
-------	-------

Total Expenditures	282,924
--------------------	---------

Excess (Deficiency) of Revenues Over (Under) Expenditures	(116,881)
---	-----------

Other Financing Sources/Uses:

Transfers in	116,881
--------------	---------

Total Other Financing Sources/Uses	116,881
------------------------------------	---------

Net Change in Fund Balance	-
----------------------------	---

Fund Balance:

July 1, 2010	-
--------------	---

June 30, 2011	\$ -
---------------	------

Note 11 – Vocational School Center

The school district entered into a Vocational Educational Agreement dated January 1, 1984 creating the Senatobia-Tate County Regional Vocational Education Center. This center was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The center includes the Senatobia Municipal School District and the Tate County School District.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

The Tate County School District has been designated as the fiscal agent for the Senatobia-Tate County Regional Vocational Education Center, and the operations of the center are included in its financial statements.

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 12 – 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 condition that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about condition that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of the Senatobia Municipal School District evaluated activity of the district through February 27, 2012, and determined that the following subsequent event has occurred requiring disclosure to the notes to the financial statements:

The district purchased a 2013 International Model PB105 school bus for use by the district at a cost of \$80,576. The purchase was made utilizing \$5,576 from EEF Building/Bus Fund with the remainder of the purchase price coming from district funding.

REQUIRED SUPPLEMENTAL INFORMATION

(This page left intentionally blank)

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Required Supplemental Information

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	\$ 2,897,925	\$ 2,999,090	\$ 2,999,090	\$ 101,165	\$ -
State sources	7,735,950	8,204,313	8,204,313	468,363	-
Federal sources	36,500	67,846	67,846	31,346	-
Total Revenues	10,670,375	11,271,249	11,271,249	600,874	-
Expenditures:					
Instruction	6,971,036	6,199,840	6,199,840	771,196	-
Support services	4,139,718	3,781,251	3,856,661	358,467	(75,410)
Noninstructional services	45,950	39,072	39,072	6,878	-
Facilities acquisition and construction	15,000	-	-	15,000	-
Debt service:					
Principal	40,000	45,000	45,100	(5,000)	(100)
Interest	4,550	3,150	3,050	1,400	100
Other	2,650	719	719	1,931	-
Total Expenditures	11,218,904	10,069,032	10,144,442	1,149,872	(75,410)
Excess (Deficiency) of Revenues over (under) Expenditures	(548,529)	1,202,217	1,126,807	1,750,746	(75,410)
Other Financing Sources (Uses):					
Operating transfers in	1,906,981	1,693,206	37,653	(213,775)	(1,655,553)
Operating transfers out	(2,004,907)	(2,006,532)	(350,979)	(1,625)	1,655,553
Total Other Financing Sources (Uses)	(97,926)	(313,326)	(313,326)	(215,400)	-
Net Change in Fund Balances	(646,455)	888,891	813,481	1,535,346	(75,410)
Fund Balances					
July 1, 2010, as originally reported	1,731,378	6,081,842	1,869,369	4,350,464	(4,212,473)
Prior period adjustments	-	(14,249)	4,273,634	(14,249)	4,287,883
July 1, 2010, as restated	1,731,378	6,067,593	6,143,003	4,336,215	75,410
June 30, 2011	\$ 1,084,923	\$ 6,956,484	\$ 6,956,484	\$ 5,871,561	\$ -

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Required Supplemental Information

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	\$ 380,570	\$ 436,765	\$ 436,765	\$ 56,195	\$ -
Total Revenues	380,570	436,765	436,765	56,195	-
Expenditures:					
Instruction	194,240	259,756	259,756	(65,516)	-
Support services	172,046	160,742	160,742	11,304	-
Noninstructional services	3,806	2,746	2,746	1,060	-
Total Expenditures	370,092	423,244	423,244	(53,152)	-
Excess (Deficiency) of Revenues over (under) Expenditures	10,478	13,521	13,521	3,043	-
Other Financing Sources (Uses):					
Operating transfers out	(10,478)	(13,521)	(13,521)	(3,043)	-
Total Other Financing Sources (Uses)	(10,478)	(13,521)	(13,521)	(3,043)	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2010	-	-	-	-	-
June 30, 2011	\$ -	\$ -	\$ -	\$ -	\$ -

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Required Supplemental Information

Budgetary Comparison Schedule
 Federal Ed Jobs 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	\$ -	\$ 364,120	\$ 364,120	\$ 364,120	\$ -
Total Revenues	-	364,120	364,120	364,120	-
Expenditures:					
Instruction	-	364,120	364,120	(364,120)	-
Total Expenditures	-	364,120	364,120	(364,120)	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2010	-	-	-	-	-
June 30, 2011	\$ -	\$ -	\$ -	\$ -	\$ -

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Required Supplemental Information

Budgetary Comparison Schedule
State Stabilization 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	\$ 527,530	\$ 527,530	\$ 527,530	\$ -	\$ -
Total Revenues	<u>527,530</u>	<u>527,530</u>	<u>527,530</u>	<u>-</u>	<u>-</u>
Expenditures:					
Instruction	527,530	527,530	527,530	-	-
Total Expenditures	<u>527,530</u>	<u>527,530</u>	<u>527,530</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):					
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
July 1, 2010	-	-	-	-	-
June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Required Supplemental Information

Budgetary Comparison Schedule
Title IARRA 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	\$ 83,151	\$ 85,104	\$ 85,104	\$ 1,953	\$ -
Total Revenues	83,151	85,104	85,104	1,953	-
Expenditures:					
Instruction	77,261	73,968	73,968	3,293	-
Support services	3,015	7,443	7,443	(4,428)	-
Noninstructional services	2,875	3,037	3,037	(162)	-
Total Expenditures	83,151	84,448	84,448	(1,297)	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	656	656	656	-
Other Financing Sources (Uses):					
Operating transfers out	-	(656)	(656)	(656)	-
Total Other Financing Sources (Uses)	-	(656)	(656)	(656)	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2010	-	-	-	-	-
June 30, 2011	\$ -	\$ -	\$ -	\$ -	\$ -

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Required Supplemental Information

Budgetary Comparison Schedule
ARRA Preschool 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	\$ 11,477	\$ 6,692	\$ 6,692	\$ (4,785)	\$ -
Total Revenues	11,477	6,692	6,692	(4,785)	-
Expenditures:					
Instruction	-	25	25	(25)	-
Support services	11,477	6,329	6,329	5,148	-
Total Expenditures	11,477	6,354	6,354	5,123	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	338	338	338	-
Other Financing Sources (Uses):					
Operating transfers out	-	(338)	(338)	(338)	-
Total Other Financing Sources (Uses)	-	(338)	(338)	(338)	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2010	-	-	-	-	-
June 30, 2011	\$ -	\$ -	\$ -	\$ -	\$ -

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Required Supplemental Information

Budgetary Comparison Schedule
 E2T2 ARRA 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	\$ -	\$ 9,052	\$ 9,052	\$ 9,052	\$ -
Total Revenues	-	9,052	9,052	9,052	-
Expenditures:					
Instruction	-	6,789	6,789	(6,789)	-
Support services	-	2,263	2,263	(2,263)	-
Total Expenditures	-	9,052	9,052	(9,052)	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2010	-	-	-	-	-
June 30, 2011	\$ -	\$ -	\$ -	\$ -	\$ -

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
Required Supplemental Information

Budgetary Comparison Schedule
ARRA Part B 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	\$ 143,561	\$ 123,879	\$ 123,879	\$ (19,682)	\$ -
Total Revenues	<u>143,561</u>	<u>123,879</u>	<u>123,879</u>	<u>(19,682)</u>	<u>-</u>
Expenditures:					
Instruction	-	15,672	15,672	(15,672)	-
Support services	143,561	103,982	103,982	39,579	-
Total Expenditures	<u>143,561</u>	<u>119,654</u>	<u>119,654</u>	<u>23,907</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>-</u>	<u>4,225</u>	<u>4,225</u>	<u>4,225</u>	<u>-</u>
Other Financing Sources (Uses):					
Operating transfers out	-	(4,225)	(4,225)	(4,225)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(4,225)</u>	<u>(4,225)</u>	<u>(4,225)</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
July 1, 2010	-	-	-	-	-
June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SENATOBIA MUNICIPAL 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

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster		
School breakfast program	10.553	\$ 83,923
National school lunch program	10.555	461,283
Total child nutrition cluster		<u>545,206</u>
Total passed-through Mississippi Department of Education		<u>545,206</u>
Total U.S. Department of Agriculture		<u>545,206</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	28,130
Total Federal Communications Commission		<u>28,130</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education		
Education Jobs Fund	84.410	364,120
Safe and Drug-free Schools and Communities - National Programs	84.184	34,204
Enhancing Education Through Technology Grant	84.318	9,052
Improving Teacher Quality State Grants	84.367	89,892
Subtotal:		<u>497,268</u>
Title I cluster:		
Title I grants to local educational agencies	84.010	436,765
ARRA - Title I grants to local educational agencies, Recovery Act	84.389	85,104
Total Title I cluster		<u>521,869</u>
Special education cluster:		
Special education - grants to states	84.027	558,587
ARRA - Special education - grants to states, Recovery Act	84.391	123,879
Special education - preschool grants	84.173	41,272
ARRA - Special education - preschool grants, Recovery Act	84.392	6,692
Total special education cluster		<u>730,430</u>
State Fiscal Stabilization Fund cluster		
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	527,530
Total State Fiscal Stabilization Fund cluster		<u>527,530</u>
Total passed-through Mississippi Department of Education		<u>2,277,097</u>
Total U.S. Department of Education		<u>2,277,097</u>
Total for All Federal Awards		<u>\$ 2,850,433</u>

NOTES TO SCHEDULE

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

SENATOBIA MUNICIPAL SCHOOL DISTRICT
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 fringes benefits	\$ 10,621,660	8,218,757	546,364	752,518	1,104,021
Other	3,973,866	1,383,582	148,131	40,314	2,401,839
Total	\$ 14,595,526	9,602,339	694,495	792,832	3,505,860
Total number of students*	1,868				
Cost per student	\$ 7,813	5,140	372	424	1,877

NOTES TO SCHEDULE

1. 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.
2. General Administration - includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.
3. School Administration - includes expenditures for the following function: Support Services - School Administration.
4. Other - includes all expenditure functions not included in Instruction or Administration Categories.

* Total number of students - the ADA report submission for month 9, which is the final submission for the school year.

OTHER INFORMATION

Senatobia Municipal School District
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years

"UNAUDITED"

	2011	2010*	2009*	2008*
Revenues:				
Local sources	\$ 2,999,090	\$ 2,867,509	2,600,516	2,624,503
State sources	8,204,313	8,056,378	8,519,924	8,744,675
Federal sources	67,846	28,716	36,796	41,519
Total Revenues	11,271,249	10,952,603	11,157,236	11,410,697
Expenditures:				
Instruction	6,199,840	6,404,068	6,874,013	6,432,350
Support services	3,856,661	4,068,179	3,691,431	3,622,882
Noninstructional services	39,072	40,192	44,764	57,384
Facilities acquisition and construction	-	-	-	170,643
Debt service:				
Principal	45,100	40,000	103,888	35,000
Interest	3,050	2,975	8,750	11,200
Other	719	381	742	754
Total Expenditures	10,144,442	10,555,795	10,723,588	10,330,213
Excess (Deficiency) of Revenues over (under) Expenditures	1,126,807	396,808	433,648	1,080,484
Other Financing Sources (Uses):				
Insurance loss recoveries	-	-	-	-
Sale of transportation equipment	-	-	-	1,324
Operating transfers in	37,653	35,713	1,535,844	-
Operating transfers out	(350,979)	(550,268)	(3,723,263)	(462,664)
Total Other Financing Sources (Uses)	(313,326)	(514,555)	(2,187,419)	(461,340)
Net Change in Fund Balances	813,481	(117,747)	(1,753,771)	619,144
Fund Balances:				
Beginning of period, as originally reported	1,869,369	1,987,116	3,745,544	3,126,400
Prior period adjustments	4,273,634	-	(4,657)	-
Beginning of period, as restated	6,143,003	1,987,116	3,740,887	3,126,400
End of Period	\$ 6,956,484	1,869,369	1,987,116	3,745,544

*SOURCE - PRIOR YEAR AUDIT REPORTS

Senatobia Municipal School District
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years

"UNAUDITED"

	2011	2010*	2009*	2008*
Revenues:				
Local sources	\$ 4,079,269	\$ 3,978,229	3,767,695	3,781,566
State sources	8,371,754	8,224,309	8,702,261	8,891,949
Federal sources	2,932,657	2,845,926	1,614,717	1,547,266
Total Revenues	15,383,680	15,048,464	14,084,673	14,220,781
Expenditures:				
Instruction	8,297,271	8,293,753	7,969,297	6,679,375
Support services	4,566,219	5,014,408	4,409,814	5,058,253
Noninstructional services	743,566	720,714	725,256	575,740
Facilities acquisition and construction	-	-	-	2,215,816
Debt service:				
Principal	610,100	565,000	530,000	475,000
Interest	376,360	400,498	431,119	458,562
Other	2,010	4,217	4,626	4,769
Total Expenditures	14,595,526	14,998,590	14,070,112	15,467,515
Excess (Deficiency) of Revenues over (under) Expenditures	788,154	49,874	14,561	(1,246,734)
Other Financing Sources (Uses):				
Proceeds of general obligation bonds	-	-	-	-
Insurance loss recoveries	-	-	-	-
Sale of transportation equipment	-	-	-	1,324
Operating transfers in	388,632	585,981	3,723,263	462,664
Other financing sources	-	-	-	-
Operating transfers out	(388,632)	(585,981)	(3,723,263)	(462,664)
Total Other Financing Sources (Uses)	-	-	-	1,324
Net Change in Fund Balances	788,154	49,874	14,561	(1,245,410)
Fund Balances:				
Beginning of period, as originally reported	6,654,761	6,608,346	6,598,295	7,844,671
Prior period adjustments	(14,249)	-	(4,661)	-
Beginning of period, as restated	6,640,512	6,608,346	6,593,634	7,844,671
Increase (Decrease) in reserve for inventory	9,097	(3,459)	151	(966)
End of Period	\$ 7,437,763	6,654,761	6,608,346	6,598,295

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

(This page left blank intentionally)

F. O. GIVENS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

212 SOUTH WARD ST. SENATOBIA, MS 38668 PHONE 662/562-6721
5699 GETWELL ROAD, BUILDING E, SUITE 5 SOUTHAVEN, MS 38672 PHONE 662/349-3798

FRANK O. GIVENS, III
Certified Public Accountant

W. BUFORD GIVENS
Certified Public Accountant

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
Senatobia Municipal School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Senatobia Municipal School District as of and for the year ended June 30, 2011, which collectively comprise Senatobia Municipal School District's basic financial statements and have issued our report thereon dated February 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of

noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

F.O. Givens & Co.

F.O. Givens & Co.

February 29, 2012

F. O. GIVENS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

212 SOUTH WARD ST. SENATOBIA, MS 38668 PHONE 662/562-6721
5699 GETWELL ROAD, BUILDING E, SUITE 5 SOUTHAVEN, MS 38672 PHONE 662/349-3798

FRANK O. GIVENS, III
Certified Public Accountant

W. BUFORD GIVENS
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

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

Superintendent and School Board
Senatobia Municipal School District

Compliance

We have audited the compliance of the Senatobia Municipal School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Senatobia Municipal School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major 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, Senatobia Municipal School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the Senatobia Municipal 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 Senatobia Municipal School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

A deficiency in 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.

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.

F.O. Givens & Co.

F.O. Givens & Co.

February 29, 2012

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

(This page left blank intentionally)

F. O. GIVENS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

212 SOUTH WARD ST. SENATOBIA, MS 38668 PHONE 662/562-6721
5699 GETWELL ROAD, BUILDING E, SUITE 5 SOUTHAVEN, MS 38672 PHONE 662/349-3798

FRANK O. GIVENS, III
Certified Public Accountant

W. BUFORD GIVENS
Certified Public Accountant

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

Superintendent and School Board
Senatobia Municipal School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Senatobia Municipal School District as of and for the year ended June 30, 2011, which collectively comprise Senatobia Municipal School District's basic financial statements and have issued our report thereon dated February 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), state 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 \$7,235 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 did not disclose any instances of noncompliance with other state laws and regulations.

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

F.O. Givens & Co.

F.O. Givens & Co.

February 29, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(This page left blank intentionally)

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

4. Type of auditor's report issued on compliance for major federal programs: Unqualified
5. Internal control over major programs:
 - a. Material weakness(es) identified? No
 - b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No
7. Federal programs identified as major programs:
 - a. Child Nutrition Cluster
CFDA # 10.553
CFDA # 10.555
 - b. Title I, Part A Cluster
CFDA # 84.010
CFDA # 84.389
 - c. Special Education Cluster
CFDA # 84.027
CFDA # 84.173
CFDA # 84.391
CFDA # 84.392
 - d. State Fiscal Stabilization Fund - Education State Grants, Recovery Act
CFDA # 84.394
 - e. Education Jobs Fund
CFDA # 84.410
8. Dollar threshold used to distinguish between type A and type B programs: \$300,000

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: Federal Award Findings and Questioned Costs

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