

LUMBERTON PUBLIC SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2009



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LUMBERTON PUBLIC SCHOOL DISTRICT

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

May 20, 2010

Superintendent and School Board
Lumberton Public School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lumberton Public School District as of and for the year ended June 30, 2009, which collectively comprise the Lumberton Public School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lumberton Public School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Lumberton Public School District as of June 30, 2009, 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 May 20, 2010 on our consideration of the Lumberton Public School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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



KING CPA, PLLC
Petal, Mississippi
May 20, 2010

LUMBERTON PUBLIC SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION
AND ANALYSIS
(MD&A)**

**LUMBERTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

The discussion and analysis of Lumberton Public School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this District's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the District's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets for 2009 increased \$481,193, including a prior period adjustment of \$7,306, which represents a 5% increase from fiscal year 2008.
- General revenues amounted to \$6,124,340 and \$6,001,927, or 79% and 79% of all revenues for fiscal years 2009 and 2008, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,627,977, or 21% of total revenues for 2009, and \$1,582,967, or 21% of total revenues for 2008.
- The District had \$7,278,430 and \$6,909,566 in expenses for fiscal years 2009 and 2008; only \$1,627,977 for 2009 and \$1,582,967 for 2008 of these expenses was offset by program specific charges for services and grants and contributions. General revenues of \$6,124,340 for 2009 and \$6,001,927 for 2008 were adequate to provide for these programs.
- Among major funds, the General Fund had \$5,628,562 in revenues and \$5,723,468 in expenditures for 2009, and \$5,664,416 in revenues and \$5,142,071 in expenditures in 2008. The General Fund's fund balance increased by \$223,135 from 2008 to 2009, and increased by \$2,865,585 from 2007 to 2008.
- Capital assets, net of accumulated depreciation, increased by \$124,050 for 2009 and decreased by \$96,358 for 2008. The increase for 2009 was due primarily to the construction in progress related to a new maintenance building and football field houses.
- Long-term liabilities decreased by \$113,076 for 2009 and decreased by \$124,068 for 2008. The decrease for 2009 was due primarily to the principal payments on outstanding long-term debt.

**LUMBERTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

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

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

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

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

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures

**LUMBERTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the School District's operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. The governmental fund's balance sheet is reconciled to the statement of net assets, and the governmental fund's 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 fund's balance sheet and in the governmental fund's statement of revenues, expenditures, and changes in fund balances for all major funds. All other 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. The accrual basis of accounting is used for fiduciary funds. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

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.

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

The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund.

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.

**LUMBERTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

Also, included in the other supplemental information section are 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. This information 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by \$10,596,326 as of June 30, 2009.

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

Table 1 presents a summary of the District's net assets at June 30, 2009 and June 30, 2008.

**Table 1
Condensed Statement of Net Assets**

	June 30, 2009	June 30, 2008	Percentage Change
Current assets	\$ 7,026,524	\$ 6,801,525	3.31 %
Restricted assets	974,033	894,035	8.95 %
Capital assets, net	4,700,077	4,576,027	2.71 %
Total assets	<u>12,700,634</u>	<u>12,271,587</u>	3.50 %
Current liabilities	158,063	97,133	62.73 %
Long-term debt outstanding	1,946,245	2,059,321	(5.49) %
Total liabilities	<u>2,104,308</u>	<u>2,156,454</u>	(2.42) %
Net assets:			
Invested in capital assets, net of related debt	2,795,077	2,551,027	9.57 %
Restricted	3,251,363	3,230,431	0.65 %
Unrestricted	4,549,886	4,333,675	4.99 %
Total net assets	<u>\$ 10,596,326</u>	<u>\$ 10,115,133</u>	4.76 %

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

- Increase in net capital assets in the amount of \$124,050.
- The principal retirement of \$120,000 of long-term debt.

**LUMBERTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

Changes in net assets. The District's total revenues for the fiscal years ended June 30, 2009 and June 30, 2008 were \$7,752,317 and \$7,584,894, respectively. The total cost of all programs and services was \$7,278,430 for 2009 and \$6,909,566 for 2008. Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2009 and June 30, 2008.

**Table 2
Change(s) in Net Assets**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 210,558	\$ 141,264	0.49 %
Operating grants and contributions	1,417,419	1,441,703	(1.68) %
General revenues:			
Property taxes	1,243,424	1,296,018	(4.06) %
Grants and contributions not restricted	4,422,768	4,277,969	3.38 %
Investment earnings	138,313	266,097	(48.02) %
Sixteenth section sources	79,933	128,637	(37.86) %
Gain (loss) on disposal of capital asset	212,612	-	N/A
Other	27,290	33,206	(17.82) %
Total revenues	<u>7,752,317</u>	<u>7,584,894</u>	2.21 %
Expenses:			
Instruction	4,191,029	3,980,770	5.28 %
Support services	2,448,158	2,339,460	4.64 %
Non-instructional	540,803	494,253	9.42 %
Sixteenth section	10,006	-	N/A
Interest and other expenses on long-term liabilities	88,434	95,083	(6.99) %
Total Expenses	<u>7,278,430</u>	<u>6,909,566</u>	5.33 %
Increase in net assets	<u>473,887</u>	<u>675,328</u>	(29.83) %
Net Assets, July 1	<u>10,115,133</u>	<u>9,449,543</u>	7.04 %
Prior Period Adjustment(s)	<u>7,306</u>	<u>(9,738)</u>	
Net Assets Restated, July 1	<u>10,122,439</u>	<u>9,439,805</u>	7.23 %
Net Assets, June 30	<u>\$ 10,596,326</u>	<u>\$ 10,115,133</u>	4.76 %

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

**LUMBERTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2009	2008	
Instruction	\$ 4,191,029	\$ 3,980,770	5.28 %
Support Services	2,448,158	2,339,460	4.64 %
Non-instructional	540,803	494,253	9.42 %
Sixteenth section	10,006	-	N/A
Interest on long term liabilities	88,434	95,083	(6.99) %
Total Expenses	\$ 7,278,430	\$ 6,909,566	5.33 %

	Total Net (Expense) Revenue		Percentage Change
	2009	2008	
Instruction	\$ (3,471,042)	\$ (3,299,024)	(5.21) %
Support Services	(2,062,738)	(1,954,707)	5.52 %
Non-instructional	(18,233)	17,247	(205.72) %
Sixteenth section	(10,006)	4,968	(301.41) %
Interest on long term liabilities	(88,434)	(95,083)	6.99 %
Total Net (Expense) Revenue	\$ (5,650,453)	\$ (5,326,599)	6.07 %

- Net cost of governmental activities in the amount of \$5,650,453 for 2009 and \$5,326,599 for 2008 was financed by general revenue, which is made up of primarily property taxes of \$1,243,424 for 2009 and \$1,296,018 for 2008 and state and federal revenues of \$4,422,768 for 2009 and \$4,277,969 for 2008. In addition, there was \$79,933 and \$128,637 in Sixteenth Section sources for 2009 and 2008, respectively.
- Investment earnings amounted to \$138,313 for 2009 and \$266,097 for 2008.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of

**LUMBERTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

\$7,869,952, an increase of \$242,233, which includes an increase in reserve for inventory of \$5,621. \$4,130,184, or 53%, of the fund balance represents unreserved and undesignated fund balance, which is available for spending at the District's discretion. \$2,520,187, or 32%, of the fund balance represents unreserved, designated fund balance which will be used for capital improvement purposes. The remaining fund balance of \$1,219,581, or 15%, is reserved or designated to indicate that it is not available for spending because it has already been committed. This portion of the fund balance has been reserved for inventory, debt service, unemployment benefits, forestry improvement purposes and permanent fund purposes.

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 \$223,135, which is primarily a result of insurance loss recoveries related to a fire that destroyed a maintenance building and football field houses. The fund balance of Other Governmental Funds showed a decrease in the amount of \$46,436. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Child Nutrition Fund	\$ (56,432)
Title I Fund	no increase or decrease
21 st Century Grant Fund	no increase or decrease
Sixteenth Section Interest Fund	\$ 41,556
Sixteenth Section Principal Fund	\$ 80,410

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 are explained as follows:

- Budgeted amounts for revenue from state sources in the General Fund were decreased to reflect the decrease in Mississippi Adequate Education Program (MAEP) funds received during the fiscal year.
- Budgeted amounts for revenue from federal sources in the General Fund were increased to reflect E-Rate revenue received during the fiscal year that was not included in the original budget.
- Budgeted amounts for facilities acquisition and construction expenditures in the General Fund were increased to reflect expenditures incurred to date related to the construction of a new maintenance building and football field houses.
- The budget for the General Fund was amended to reflect insurance loss recoveries related to damages caused by a fire that destroyed a maintenance building and football field houses.

**LUMBERTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

Other amendments to the budget during the fiscal year were considered routine in nature and were insignificant when compared to total revenues and expenditures of the District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2009, the District's total capital assets were \$7,062,513, including land, construction in progress, school buildings and other improvements, buses, other school vehicles and furniture and equipment. This amount represents a gross increase of \$261,221 from 2008, which is primarily a result of the construction in progress related to the new maintenance building and football field houses and the purchase of various items of computer equipment during the fiscal year. Total accumulated depreciation as of June 30, 2009, was \$2,362,436, and total depreciation expense for the year was \$201,790, resulting in total net capital assets of \$4,700,077.

**Table 4
Capital Assets**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Percentage Change</u>
Land	\$ 53,382	\$ 53,382	0.00 %
Construction in Progress	222,275	-	- %
Buildings	3,132,984	3,265,205	(4.05) %
Improvements other than buildings	930,259	977,951	(4.88) %
Mobile equipment	176,284	197,540	(10.76) %
Furniture and equipment	184,893	81,949	125.62 %
Total	<u>\$ 4,700,077</u>	<u>\$ 4,576,027</u>	2.71 %

Debt Administration. At June 30, 2009, the District had \$1,946,245 in outstanding long-term debt, of which \$127,062 is due within one year. During the fiscal year, the District made principal payments in the amount of \$120,000 on existing long-term debt. The liability for compensated absences increased \$6,924 from the prior year.

**LUMBERTON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Percentage Change</u>
Limited obligation bonds payable	\$ 1,085,000	\$ 1,170,000	(7.26) %
Three mill notes payable	820,000	855,000	(4.09) %
Compensated absences payable	41,245	34,321	20.17 %
Total	\$ <u>1,946,245</u>	\$ <u>2,059,321</u>	(5.49) %

CURRENT ISSUES

The Lumberton Public School District is financially stable. The District is proud of its community support of the public schools.

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Lumberton Public School District, P. O. Box 551, Lumberton, MS 39455.

LUMBERTON PUBLIC SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

LUMBERTON PUBLIC SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

EXHIBIT A

ASSETS		
Cash and cash equivalents	\$	6,613,903
Due from other governments		389,664
Other receivables, net		4,894
Inventories		18,063
Restricted assets		974,033
Capital assets, not being depreciated		
Land		53,382
Construction in progress		222,275
Capital assets, net of accumulated depreciation		
Buildings		3,132,984
Improvements other than buildings		930,259
Mobile equipment		176,284
Furniture and equipment		184,893
Total Assets	\$	<u>12,700,634</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$	130,605
Interest payable on long-term liabilities		27,458
Long-term liabilities (due within one year)		
Capital-related liabilities		125,000
Non-capital related liabilities		2,062
Long-term liabilities (due beyond one year)		
Capital-related liabilities		1,780,000
Non-capital related liabilities		39,183
Total Liabilities		<u>2,104,308</u>
NET ASSETS		
Invested in capital assets, net of related debt		2,795,077
Restricted net assets		
Expendable:		
School-based activities		2,015,859
Debt service		180,279
Forestry improvements		113,119
Unemployment benefits		17,763
Non-expendable:		
Sixteenth section		862,899
Unrestricted		4,611,330
Total Net Assets	\$	<u><u>10,596,326</u></u>

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

**LUMBERTON PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

EXHIBIT B

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		<u>Capital Grants and Contributions</u>	Net (Expense) Revenue and Changes in Net Assets
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Total</u>
Governmental Activities:					
Instruction	\$ 4,191,029	\$ 43,404	\$ 676,583	\$ -	\$ (3,471,042)
Support services	2,448,158	75,904	309,516	-	(2,062,738)
Non-instructional services	540,803	91,250	431,320	-	(18,233)
Sixteenth section	10,006	-	-	-	(10,006)
Interest and other charges related to long-term liabilities	<u>88,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(88,434)</u>
Total Governmental Activities	<u>\$ 7,278,430</u>	<u>\$ 210,558</u>	<u>\$ 1,417,419</u>	<u>\$ -</u>	<u>(5,650,453)</u>
General Revenues:					
Taxes:					
Property taxes - General purpose					1,173,464
Property taxes - Debt purpose					69,960
Unrestricted grants and contributions:					
State					4,154,810
Federal					267,958
Unrestricted investment earnings					138,313
Sixteenth section sources					79,933
Gain (loss) on disposal of capital asset					212,612
Other					<u>27,290</u>
Total General Revenues					<u>6,124,340</u>
Change in Net Assets					<u>473,887</u>
Net Assets - Beginning					10,115,133
Prior Period Adjustment					<u>7,306</u>
Net Assets - Beginning - Restated					<u>10,122,439</u>
Net Assets - Ending					<u>\$ 10,596,326</u>

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

LUMBERTON PUBLIC SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009

EXHIBIT C

	Major Funds						Other Governmental Funds	Total Governmental Funds
	General Fund	Child Nutrition Fund	Title I Fund	21st Century Grant Fund	Sixteenth Section Interest Fund	Sixteenth Section Principal Fund		
ASSETS								
Cash and cash equivalents	\$ 4,351,929	\$ 231,153	\$ 404	\$ 6,890	\$ 1,523,321	\$ 923,105	\$ 500,206	\$ 7,537,008
Investments	-	-	-	-	-	-	50,928	50,928
Due from other governments	145,238	6,576	63,441	41,205	3,785	1,238	128,181	389,664
Due from other funds	214,119	-	-	-	7,898	-	-	222,017
Inventories	-	18,063	-	-	-	-	-	18,063
Total Assets	<u>\$ 4,711,286</u>	<u>\$ 255,792</u>	<u>\$ 63,845</u>	<u>\$ 48,095</u>	<u>\$ 1,535,004</u>	<u>\$ 924,343</u>	<u>\$ 679,315</u>	<u>\$ 8,217,680</u>
LIABILITIES & FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 120,155	\$ 723	\$ 404	\$ 7,120	\$ -	\$ -	\$ 2,203	\$ 130,605
Due to other funds	-	61,763	63,441	40,975	-	-	50,944	217,123
Total Liabilities	<u>120,155</u>	<u>62,486</u>	<u>63,845</u>	<u>48,095</u>	<u>-</u>	<u>-</u>	<u>53,147</u>	<u>347,728</u>
Fund balances:								
Reserved for:								
Inventories	-	18,063	-	-	-	-	-	18,063
Debt service	-	-	-	-	-	-	207,737	207,737
Unemployment benefits	-	-	-	-	-	-	17,763	17,763
Forestry improvement purposes	-	-	-	-	-	-	113,119	113,119
Permanent fund purposes	-	-	-	-	-	862,899	-	862,899
Unreserved, designated, reported in:								
General fund	2,520,187	-	-	-	-	-	-	2,520,187
Unreserved, undesignated, reported in:								
General fund	2,070,944	-	-	-	-	-	-	2,070,944
Special revenue funds	-	175,243	-	-	1,535,004	-	287,549	1,997,796
Permanent funds	-	-	-	-	-	61,444	-	61,444
Total Fund Balances	<u>4,591,131</u>	<u>193,306</u>	<u>-</u>	<u>-</u>	<u>1,535,004</u>	<u>924,343</u>	<u>626,168</u>	<u>7,869,952</u>
Total Liabilities & Fund Balances	<u>\$ 4,711,286</u>	<u>\$ 255,792</u>	<u>\$ 63,845</u>	<u>\$ 48,095</u>	<u>\$ 1,535,004</u>	<u>\$ 924,343</u>	<u>\$ 679,315</u>	<u>\$ 8,217,680</u>

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

**LUMBERTON PUBLIC SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

EXHIBIT C-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 7,869,952
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$2,362,436.	4,700,077
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,946,245)
3. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Net Assets recognizes interest as it accrues.	(27,458)
Total Net Assets - Governmental Activities	<u><u>\$ 10,596,326</u></u>

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

LUMBERTON PUBLIC SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

EXHIBIT D

	Major Funds						Other Governmental Funds	Total Governmental Funds
	General Fund	Child Nutrition Fund	Title I Fund	21st Century Grant Fund	Sixteenth Section Interest Fund	Sixteenth Section Principal Fund		
REVENUES								
Local sources	\$ 1,319,291	\$ 96,268	\$ -	\$ -	\$ -	\$ -	\$ 84,052	\$ 1,499,611
State sources	4,041,312	-	-	-	-	-	259,794	4,301,106
Federal sources	267,959	425,927	393,228	134,926	-	-	317,041	1,539,081
Sixteenth section sources	-	-	-	-	41,561	80,410	2,032	124,003
Total Revenues	<u>5,628,562</u>	<u>522,195</u>	<u>393,228</u>	<u>134,926</u>	<u>41,561</u>	<u>80,410</u>	<u>662,919</u>	<u>7,463,801</u>
EXPENDITURES								
Instruction	3,324,509	-	278,959	111,353	-	-	344,010	4,058,831
Support services	2,176,242	-	161,240	15,944	-	-	187,872	2,541,298
Non-instructional services	442	522,485	3,363	1,207	-	-	60	527,557
Sixteenth section	-	-	-	-	5	-	10,001	10,006
Facilities acquisition and construction	222,275	-	-	-	-	-	-	222,275
Debt Service:								
Principal	-	-	-	-	-	-	120,000	120,000
Interest	-	-	-	-	-	-	89,683	89,683
Other	-	-	-	-	-	-	585	585
Total Expenditures	<u>5,723,468</u>	<u>522,485</u>	<u>443,562</u>	<u>128,504</u>	<u>5</u>	<u>-</u>	<u>752,211</u>	<u>7,570,235</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(94,906)</u>	<u>(290)</u>	<u>(50,334)</u>	<u>6,422</u>	<u>41,556</u>	<u>80,410</u>	<u>(89,292)</u>	<u>(106,434)</u>
OTHER FINANCING SOURCES (USES)								
Insurance loss recoveries	343,046	-	-	-	-	-	-	343,046
Operating transfers in	71,321	-	50,334	-	-	-	96,326	217,981
Operating transfers out	(96,326)	(61,763)	-	(6,422)	-	-	(53,470)	(217,981)
Total Other Financing Sources (Uses)	<u>318,041</u>	<u>(61,763)</u>	<u>50,334</u>	<u>(6,422)</u>	<u>-</u>	<u>-</u>	<u>42,856</u>	<u>343,046</u>
Net change in fund balances	<u>223,135</u>	<u>(62,053)</u>	<u>-</u>	<u>-</u>	<u>41,556</u>	<u>80,410</u>	<u>(46,436)</u>	<u>236,612</u>
Fund Balances:								
July 1, 2008	4,367,996	249,738	-	-	1,493,448	843,933	672,604	7,627,719
Increase (Decrease) in reserve for inventory	-	5,621	-	-	-	-	-	5,621
June 30, 2009	<u>\$ 4,591,131</u>	<u>\$ 193,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,535,004</u>	<u>\$ 924,343</u>	<u>\$ 626,168</u>	<u>\$ 7,869,952</u>

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

LUMBERTON PUBLIC SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

EXHIBIT D-1

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 236,612
Amounts reported for governmental activities in the Statement of Activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$373,064 and the depreciation expense amounted to \$201,790.	171,274
2. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities for governmental activities.	120,000
3. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.	1,834
4. Gains and losses on the sale or disposal of assets are not reported in the governmental funds, but are reported in the Statement of Activities, net of proceeds.	(54,530)
5. Increase (decrease) in the inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are (increased) decreased in the Statement of Activities.	5,621
6. Expenses in the Statement of Activities not normally paid with expendable available financial resources are not reported as expenditures in the governmental funds:	
Compensated absences	(6,924)
Change in Net Assets of Governmental Activities	<u>\$ 473,887</u>

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

**LUMBERTON PUBLIC SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2009**

EXHIBIT E

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 392,092
Total Assets	<u>\$ 392,092</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 387,198
Due to other funds	4,894
Total Liabilities	<u>\$ 392,092</u>

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

LUMBERTON PUBLIC SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

**LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

(1) Summary of Significant Accounting Policies.

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

A. Financial Reporting Entity.

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

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

B. Basis of Presentation.

Government-wide Financial Statements:

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who

**LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported 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.

Child Nutrition Fund – This is a special revenue fund used to account for the school district’s revenues earned and expenditures incurred through the Child Nutrition Cluster federal grant monies, state monies, and daily sales.

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.

21st Century Grant Fund – This is a special revenue fund that accounts for federal sources received and expenditures incurred under the 21st Century grant program.

Sixteenth Section Interest Fund – This is a special revenue fund that accounts for the District’s earnings from sixteenth section property and investments. These funds may be used for purposes that support the District.

Sixteenth Section Principal Fund – This is a permanent fund that accounts for the District’s earnings from sixteenth section property and investments which are not available for use by the district except as provided for under state statute for loans from this account.

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 District’s fiduciary funds include the following:

Payroll Clearing Fund – This agency fund is used to report resources held by the District on behalf of other funds for payroll related liabilities.

Accounts Payable Clearing Fund – This agency fund is used to report resources held by the District on behalf of other funds for related liabilities.

Additionally, the school district reports the following fund types:

**LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

GOVERNMENTAL FUNDS

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

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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

FIDUCIARY FUNDS

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.

C. Measurement Focus and Basis of Accounting.

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting as are the Fiduciary Fund financial statements. Revenues are 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 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 tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

**LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Ad valorem property taxes are levied by the governing authority of the counties 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 Lumberton School District boundaries contain property in both Lamar County and Pearl River County, both counties levy taxes on behalf of the school district. 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.

D. Account Classifications.

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 or equity

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments.

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

**LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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."

3. Due from Other Governments

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

4. Inventories and Prepaid Items.

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

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

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. 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 account.

6. Capital Assets.

Capital assets, which include property, plant, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement costs. 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 and estimated useful lives in excess of two years.

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.

**LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

The following schedule details those thresholds.

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

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

7. **Compensated Absences.**

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

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

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

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

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

9. **Fund equity.**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved classified as designated and undesignated.

**LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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

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

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

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

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

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

Unreserved – designated for, reported in the General Fund - An account that represents a portion of the unreserved fund balance that the school board has specifically obligated for future repairs, renovations, and construction projects of district buildings and facilities.

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

(2) Cash and Cash Equivalents and Investments.

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest surplus funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government or enumerated agency of the United States; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to

**LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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

Cash and Cash Equivalents.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$7,537,008 and \$392,092, respectively. The bank balance was \$8,206,197.

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, 2009, none of the district's bank balance of \$8,206,197 was exposed to custodial credit risk.

Investments.

As of June 30, 2009, the district had the following investments.

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities Money Market Mutual Fund	Less than 1 year	\$ 50,928	AAA
Total Investments		<u>\$ 50,928</u>	

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

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

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

(3) Inter-fund Receivables, Payables and Transfers.

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

**LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Child Nutrition Fund	\$ 61,763
General Fund	Title I Fund	63,441
General Fund	21st Century Grant Fund	40,975
General Fund	Other Governmental Funds	43,046
General Fund	Fiduciary Funds	4,894
Sixteenth Section Interest Fund	Other Governmental Funds	<u>7,898</u>
Total		<u>\$ 222,017</u>

The purpose of the inter-fund loans was to cover federal funds not received prior to year-end and to show the interest that was due from the district's fiduciary funds.

B. Inter-fund Transfers:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 96,326
Child Nutrition Fund	General Fund	61,763
21st Century Grant Fund	General Fund	6,422
Other Governmental Funds	General Fund	3,136
	Title I Fund	<u>50,334</u>
Total		<u>\$ 217,981</u>

Transfers are used primarily to move unrestricted general fund monies to finance various programs and projects accounted for in other funds.

(4) Restricted Assets.

The restricted assets represent the cash balance totaling \$923,105 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the investment balance, totaling \$50,928, of the MAEP Limited Obligation Bond Retirement Fund.

**LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

(5) Capital Assets.

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

	Balance 7/1/2008	Additions	Retirements	Adjustment	Balance 6/30/2009
<u>Non-depreciable capital assets:</u>					
Land	\$ 53,382	\$ -	\$ -	\$ -	\$ 53,382
Construction in progress	-	222,275	-	-	222,275
Total non-depreciable capital assets	<u>\$ 53,382</u>	<u>\$ 222,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,657</u>
<u>Depreciable capital assets:</u>					
Buildings	\$ 4,600,094	\$ -	\$ 96,155	\$ -	\$ 4,503,939
Improvements other than buildings	1,242,031	-	-	-	1,242,031
Mobile equipment	583,557	-	-	15,467	599,024
Furniture and equipment	322,228	150,789	23,717	(7,438)	441,862
Total depreciable capital assets	<u>\$ 6,747,910</u>	<u>\$ 150,789</u>	<u>\$ 119,872</u>	<u>\$ 8,029</u>	<u>\$ 6,786,856</u>
<u>Less accumulated depreciation:</u>					
Buildings	\$ 1,334,889	\$ 82,220	\$ 46,154	\$ -	\$ 1,370,955
Improvements other than buildings	264,080	47,692	-	-	311,772
Mobile equipment	386,017	29,306	-	7,417	422,740
Furniture and equipment	240,279	42,572	19,188	(6,694)	256,969
Total accumulated depreciation	<u>2,225,265</u>	<u>201,790</u>	<u>65,342</u>	<u>723</u>	<u>2,362,436</u>
Total depreciable capital assets, net	<u>4,522,645</u>	<u>(51,001)</u>	<u>54,530</u>	<u>7,306</u>	<u>4,424,420</u>
Governmental activities capital assets, net	<u>\$ 4,576,027</u>	<u>\$ 171,274</u>	<u>\$ 54,530</u>	<u>\$ 7,306</u>	<u>\$ 4,700,077</u>

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$ 127,351
Support Services	55,918
Non-instructional	18,521
	<u>\$ 201,790</u>

**LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Commitments under construction contracts at June 30, 2009, are summarized as follows:

	<u>Spent to June 30, 2009</u>	<u>Remaining Commitment</u>	<u>Required Future Financing</u>
New Field House	\$ 222,275	\$ 194,522	\$ -

Adjustments were needed to adjust for a tractor that was added in FY09 year, but purchased in FY08 year. An adjustment was also made to reclassify an asset from furniture and equipment to mobile equipment.

(6) Long-term liabilities.

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

	<u>Balance 7/1/2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2009</u>	<u>Amount Due Within One Year</u>
A. Limited obligation bonds payable	1,170,000	-	85,000	1,085,000	85,000
B. Three mill notes payable	855,000	-	35,000	820,000	40,000
C. Compensated absences payable	34,321	6,924	-	41,245	2,062
Total long-term liabilities	\$ 2,059,321	\$ 6,924	\$ 120,000	\$ 1,946,245	\$ 127,062

A. Limited obligation bonds payable.

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

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
State aid capital improvement bonds, Series 1998	4.5-5.7%	6/1/1998	2/1/2018	\$ 1,730,000	\$ 1,085,000
Total				\$ 1,730,000	\$ 1,085,000

Details of the district's June 30, 2009 limited obligation bonds indebtedness is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	85,000	54,750	139,750
2011	90,000	45,815	135,815
2012	95,000	42,513	137,513
2013	100,000	37,905	137,905
2014	105,000	33,010	138,010
2015-2018	610,000	76,686	686,686
	\$ 1,085,000	\$ 290,679	\$ 1,375,679

This debt will be retired from the MAEP Retirement Fund.

**LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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

B. Three mill notes payable.

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Limited tax notes, Series 2003	3.5-4.3%	5/1/2003	5/1/2023	\$ 1,000,000	\$ 820,000
Total				<u>\$ 1,000,000</u>	<u>\$ 820,000</u>

Details of the district's June 30, 2009 three mill notes payable are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	40,000	33,637	73,637
2011	45,000	32,138	77,138
2012	45,000	30,427	75,427
2013	50,000	28,673	78,673
2014	50,000	26,723	76,723
2015-2019	295,000	100,578	395,578
2020-2023	295,000	32,213	327,213
	<u>\$ 820,000</u>	<u>\$ 284,389</u>	<u>\$ 1,104,389</u>

A special ad valorem tax levy was assessed by the district on all of the taxable property of the school district in an amount which will be sufficient to pay the principal of and interest upon the notes not to exceed three mills. The tax levy was set in the amount of 2.51 mills for Lamar County and 2.64 mills for Pearl River County. The proceeds of the three mill note were used for the construction of the high school gym.

This debt will be retired from the Three Mill Note Retirement 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.

(7) Defined Benefit Pension Plan.

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements

**LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2009 was 11.85% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2009, 2008 and 2007 were \$463,835, \$446,766 and \$386,542 respectively, which equaled the required contributions for each year.

(8) Sixteenth Section Lands.

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

Year Ending June 30	Amount
2010	\$ 10,005
2011	8,205
2012	6,180
2013	6,180
2014	5,860
2015-2019	10,420
2020-2024	6,000
2025-2029	5,250
2030-2034	2,875
Thereafter	2,625
 Total	 \$ 63,600

(9) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit B – Statement of Activities

Explanation	Amount
To correct accumulated depreciation for capital assets in order to agree with the District's capital asset records.	\$ 7,306
Total	\$ 7,306

(10) Risk Management.

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except as described below, the

**LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded insurance coverage in any of the past three fiscal years.

The school is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 72 school districts and covers risks of loss arising from injuries to the member's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

LUMBERTON PUBLIC SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

LUMBERTON PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE 1A

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
REVENUES					
Local sources	\$ 1,306,538	\$ 1,319,293	\$ 1,319,291	\$ 12,755	\$ (2)
State sources	4,227,992	4,041,312	4,041,312	(186,680)	-
Federal sources	39,000	267,959	267,959	228,959	-
Total Revenues	<u>5,573,530</u>	<u>5,628,564</u>	<u>5,628,562</u>	<u>55,034</u>	<u>(2)</u>
EXPENDITURES					
Instruction	3,350,974	3,324,509	3,324,509	26,465	-
Support services	2,120,664	2,115,785	2,176,242	4,879	(60,457)
Non-instructional services	1,500	442	442	1,058	-
Facilities acquisition and construction	50,000	282,731	222,275	(232,731)	60,456
Total Expenditures	<u>5,523,138</u>	<u>5,723,467</u>	<u>5,723,468</u>	<u>(200,329)</u>	<u>(1)</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>50,392</u>	<u>(94,903)</u>	<u>(94,906)</u>	<u>(145,295)</u>	<u>(3)</u>
OTHER FINANCING SOURCES (USES)					
Insurance loss recoveries	-	343,046	343,046	343,046	-
Transfers in	718,451	855,268	71,321	136,817	(783,947)
Transfers out	(786,456)	(880,274)	(96,326)	(93,818)	783,948
Total Other Financing Sources (Uses)	<u>(68,005)</u>	<u>318,040</u>	<u>318,041</u>	<u>386,045</u>	<u>1</u>
Net change in fund balances	<u>(17,613)</u>	<u>223,137</u>	<u>223,135</u>	<u>240,750</u>	<u>(2)</u>
Fund Balances:					
July 1, 2008			<u>4,367,996</u>		
June 30, 2009			<u>\$ 4,591,131</u>		

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

LUMBERTON PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION FUND
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE 1B

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Local sources	\$ 82,000	\$ 96,268	\$ 96,268	\$ 14,268	\$ -
Federal sources	<u>315,000</u>	<u>425,927</u>	<u>425,927</u>	<u>110,927</u>	<u>-</u>
Total Revenues	<u>397,000</u>	<u>522,195</u>	<u>522,195</u>	<u>125,195</u>	<u>-</u>
EXPENDITURES					
Noninstructional services	<u>521,713</u>	<u>522,485</u>	<u>522,485</u>	<u>(772)</u>	<u>-</u>
Total Expenditures	<u>521,713</u>	<u>522,485</u>	<u>522,485</u>	<u>(772)</u>	<u>-</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>(124,713)</u>	<u>(290)</u>	<u>(290)</u>	<u>124,423</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Other financing sources	-	5,620	-	5,620	(5,620)
Transfers out	<u>-</u>	<u>(61,763)</u>	<u>(61,763)</u>	<u>(61,763)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(56,143)</u>	<u>(61,763)</u>	<u>(56,143)</u>	<u>(5,620)</u>
Net change in fund balances	<u>(124,713)</u>	<u>(56,433)</u>	<u>(62,053)</u>	<u>68,280</u>	<u>(5,620)</u>
Fund Balances:					
July 1, 2008			<u>249,738</u>		
Increase(Decrease) in reserve for inventory			<u>5,621</u>		
June 30, 2009			<u>\$ 193,306</u>		

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

LUMBERTON PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - TITLE I FUND
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE 1C

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original</u> <u>to Final</u>	<u>Final</u> <u>to Actual</u>
REVENUES					
Federal sources	<u>422,798</u>	<u>393,228</u>	<u>393,228</u>	<u>(29,570)</u>	<u>-</u>
Total Revenues	<u>422,798</u>	<u>393,228</u>	<u>393,228</u>	<u>(29,570)</u>	<u>-</u>
EXPENDITURES					
Instruction	<u>283,746</u>	<u>278,959</u>	<u>278,959</u>	<u>4,787</u>	<u>-</u>
Support services	<u>184,655</u>	<u>161,240</u>	<u>161,240</u>	<u>23,415</u>	<u>-</u>
Noninstructional services	<u>4,731</u>	<u>3,363</u>	<u>3,363</u>	<u>1,368</u>	<u>-</u>
Total Expenditures	<u>473,132</u>	<u>443,562</u>	<u>443,562</u>	<u>29,570</u>	<u>-</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>(50,334)</u>	<u>(50,334)</u>	<u>(50,334)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>50,334</u>	<u>50,334</u>	<u>50,334</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>50,334</u>	<u>50,334</u>	<u>50,334</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
July 1, 2008			<u>-</u>		
June 30, 2009			<u>\$ -</u>		

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

LUMBERTON PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE -21st CENTURY GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE 1D

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
REVENUES					
Federal sources	<u>120,000</u>	<u>134,926</u>	<u>134,926</u>	<u>14,926</u>	<u>-</u>
Total Revenues	<u>120,000</u>	<u>134,926</u>	<u>134,926</u>	<u>14,926</u>	<u>-</u>
EXPENDITURES					
Instruction	<u>97,195</u>	<u>111,353</u>	<u>111,353</u>	<u>(14,158)</u>	<u>-</u>
Support services	<u>18,407</u>	<u>15,944</u>	<u>15,944</u>	<u>2,463</u>	<u>-</u>
Noninstructional services	<u>4,398</u>	<u>1,207</u>	<u>1,207</u>	<u>3,191</u>	<u>-</u>
Total Expenditures	<u>120,000</u>	<u>128,504</u>	<u>128,504</u>	<u>(8,504)</u>	<u>-</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>-</u>	<u>6,422</u>	<u>6,422</u>	<u>6,422</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>-</u>	<u>(6,422)</u>	<u>(6,422)</u>	<u>(6,422)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(6,422)</u>	<u>(6,422)</u>	<u>(6,422)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
July 1, 2008			<u>-</u>		
June 30, 2009			<u>\$ -</u>		

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

LUMBERTON PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - SIXTEENTH SECTION INTEREST FUND
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE 1E

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
REVENUES					
Sixteenth section sources	<u>46,900</u>	<u>41,561</u>	<u>41,561</u>	<u>(5,339)</u>	<u>-</u>
Total Revenues	<u>46,900</u>	<u>41,561</u>	<u>41,561</u>	<u>(5,339)</u>	<u>-</u>
EXPENDITURES					
Sixteenth section	<u>2,000</u>	<u>5</u>	<u>5</u>	<u>1,995</u>	<u>-</u>
Total Expenditures	<u>2,000</u>	<u>5</u>	<u>5</u>	<u>1,995</u>	<u>-</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>44,900</u>	<u>41,556</u>	<u>41,556</u>	<u>(3,344)</u>	<u>-</u>
Net change in fund balances	<u>44,900</u>	<u>41,556</u>	<u>41,556</u>	<u>(3,344)</u>	<u>-</u>
Fund Balances:					
July 1, 2008			<u>1,493,448</u>		
June 30, 2009			<u>\$ 1,535,004</u>		

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

LUMBERTON PUBLIC SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009

Budgetary Comparison Schedules

(1) Basis of Presentation

The Budgetary Comparison Schedule presents 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 revision

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.

LUMBERTON PUBLIC SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

LUMBERTON PUBLIC SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/ Pass-through Grantor/ <u>Program Title</u>	Catalog of Federal Domestic <u>Assistance Number</u>	Federal <u>Expenditures</u>
<u>U. S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster		
School breakfast program	10.553	\$ 121,441
National school lunch program	10.555	232,968
Total child nutrition cluster		<u>354,409</u>
Schools and roads - grants to states	10.665	<u>828</u>
Total U.S. Department of Agriculture		<u>355,237</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	<u>258,400</u>
Total Federal Communications Commission		<u>258,400</u>
<u>U. S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	443,562
Safe and drug-free schools and communities - state grants	84.186	6,727
Twenty-first century community learning centers	84.287	134,926
Innovative education programs strategies	84.298	557
Rural education	84.358	20,175
Improving teacher quality - state grants	84.367	99,546
Total		<u>705,493</u>
Special education cluster:		
Special education - grants to states	84.027	182,494
Special education - preschool grants	84.173	4,239
Total		<u>186,733</u>
Total passed-through Mississippi Department of Education		<u>892,226</u>
Total U.S. Department of Education		<u>892,226</u>
<u>U. S. Department of Health and Human Services</u>		
Passed-through the Mississippi Department of Education:		
Medical assistance program	93.778	8,812
Total U.S. Department of Health and Human Services		<u>8,812</u>
Total for All Federal Awards		<u>\$ 1,514,675</u>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies 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.

Lumberton Public School District
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2009

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 5,283,866	\$ 3,995,487	\$ 377,898	\$ 324,469	\$ 586,012
Other	<u>2,286,369</u>	<u>570,576</u>	<u>79,689</u>	<u>37,384</u>	<u>1,598,720</u>
Total	<u>\$ 7,570,235</u>	<u>\$ 4,566,063</u>	<u>\$ 457,587</u>	<u>\$ 361,853</u>	<u>\$ 2,184,732</u>
Total number of students *	724				
Cost per student	<u>\$ 10,456</u>	<u>\$ 6,307</u>	<u>\$ 632</u>	<u>\$ 500</u>	<u>\$ 3,018</u>

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

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

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

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

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

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

include 100 and 200 range object codes on the "Salaries and fringe benefits" line; all other expenditures on the "Other" line

LUMBERTON PUBLIC SCHOOL DISTRICT

OTHER SUPPLEMENTAL INFORMATION

LUMBERTON PUBLIC SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund

Last Four Years

	<u>2009</u>	<u>2008*</u>	<u>2007*</u>	<u>2006*</u>
Revenues:				
Local sources	\$ 1,319,291	1,493,168	1,349,909	1,422,694
State sources	4,041,312	4,144,016	3,987,474	3,841,063
Federal sources	267,959	27,232	19,454	13,891
Total Revenues	<u>5,628,562</u>	<u>5,664,416</u>	<u>5,356,837</u>	<u>5,277,648</u>
Expenditures:				
Instruction	3,324,509	3,152,085	2,876,946	2,488,739
Support services	2,176,242	1,928,719	1,876,548	3,061,869
Noninstructional services	442	975	947	3,113
Facilities acquisition and construction	222,275	33,725	410,177	357,281
Debt service:				
Principal	0	24,400	22,612	28,430
Interest	0	2,167	2,771	4,015
Total Expenditures	<u>5,723,468</u>	<u>5,142,071</u>	<u>5,190,001</u>	<u>5,943,447</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(94,906)</u>	<u>522,345</u>	<u>166,836</u>	<u>(665,799)</u>
Other Financing Sources (Uses):				
Insurance loss recoveries	343,046	0	1,742,272	500,000
Operating transfers in	71,321	2,452,968	426,019	522,913
Other financing sources	0	2,848	0	0
Operating transfers out	(96,326)	(112,576)	(1,224,786)	(614,624)
Total Other Financing Sources (Uses)	<u>318,041</u>	<u>2,343,240</u>	<u>943,505</u>	<u>408,289</u>
Extraordinary items	<u>0</u>	<u>0</u>	<u>(37,458)</u>	<u>0</u>
Net Change in Fund Balances	<u>223,135</u>	<u>2,865,585</u>	<u>1,072,883</u>	<u>(257,510)</u>
Fund Balances:				
July 1	<u>4,367,996</u>	<u>1,502,411</u>	<u>429,528</u>	<u>687,038</u>
June 30	<u>\$ 4,591,131</u>	<u>4,367,996</u>	<u>1,502,411</u>	<u>429,528</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

LUMBERTON PUBLIC SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

All Governmental Funds

Last Four Years

	<u>2009</u>	<u>2008*</u>	<u>2007*</u>	<u>2006*</u>
Revenues:				
Local sources	\$ 1,499,611	1,665,970	1,589,980	1,627,001
State sources	4,301,106	4,422,750	4,283,419	4,101,602
Federal sources	1,539,081	1,296,922	1,640,848	1,626,682
Sixteenth section sources	<u>124,003</u>	<u>196,404</u>	<u>387,770</u>	<u>251,289</u>
Total Revenues	<u>7,463,801</u>	<u>7,582,046</u>	<u>7,902,017</u>	<u>7,606,574</u>
Expenditures:				
Instruction	4,058,831	3,840,723	4,000,879	3,570,529
Support services	2,541,298	2,371,626	2,198,884	3,379,987
Noninstructional services	527,557	469,484	530,747	497,564
Sixteenth section	10,006	0	0	15,212
Facilities acquisition and construction	222,275	33,725	410,177	357,281
Debt service:				
Principal	120,000	134,400	127,612	128,430
Interest	89,683	96,715	102,261	108,642
Other	<u>585</u>	<u>1,334</u>	<u>1,756</u>	<u>4,625</u>
Total Expenditures	<u>7,570,235</u>	<u>6,948,007</u>	<u>7,372,316</u>	<u>8,062,270</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(106,434)</u>	<u>634,039</u>	<u>529,701</u>	<u>(455,696)</u>
Other Financing Sources (Uses):				
Insurance loss recoveries	343,046	0	1,742,272	500,000
Operating transfers in	217,981	2,565,544	1,650,805	615,861
Other financing sources	0	2,848	113	0
Operating transfers out	<u>(217,981)</u>	<u>(2,565,544)</u>	<u>(1,650,805)</u>	<u>(615,861)</u>
Total Other Financing Sources (Uses)	<u>343,046</u>	<u>2,848</u>	<u>1,742,385</u>	<u>500,000</u>
Extraordinary items	<u>0</u>	<u>0</u>	<u>(37,458)</u>	<u>0</u>
Net Change in Fund Balances	<u>236,612</u>	<u>636,887</u>	<u>2,234,628</u>	<u>44,304</u>
Fund Balances:				
July 1	7,627,719	6,992,805	4,757,999	4,709,294
Increase (Decrease) in reserve for inventory	<u>5,621</u>	<u>(1,973)</u>	<u>178</u>	<u>4,401</u>
June 30	<u>\$ 7,869,952</u>	<u>7,627,719</u>	<u>6,992,805</u>	<u>4,757,999</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

LUMBERTON PUBLIC SCHOOL DISTRICT

**INDEPENDENT AUDITORS' 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**

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**INDEPENDENT AUDITORS' 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
Lumberton Public School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lumberton Public School District as of and for the year ended June 30, 2009, which collectively comprise the Lumberton Public School District's basic financial statements and have issued our report thereon dated May 20, 2010. 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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance or other matter that we have reported to management of the school district in a separate letter dated May 20, 2010 which is included in this report.

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

King CPA, PLLC

KING CPA, PLLC
Petal, Mississippi
May 20, 2010

LUMBERTON PUBLIC SCHOOL DISTRICT

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

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

Superintendent and School Board
Lumberton Public School District

Compliance

We have audited the compliance of the Lumberton Public School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The Lumberton Public 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, Lumberton Public School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Lumberton Public School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the school board and management, 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. However, this report is a matter of public record and its distribution is not limited.



KING CPA, PLLC
Petal, Mississippi
May 20, 2010

LUMBERTON PUBLIC SCHOOL DISTRICT

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Lumberton Public School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lumberton Public School District as of and for the year ended June 30, 2009, which collectively comprise Lumberton Public School District's basic financial statements and have issued our report thereon dated May 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3) (a) (iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported **\$2,704** of classroom supply funds carried over from previous years.

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and your response are as follows:

Finding 1 Surety Bonds

Lumberton Public School District's superintendent also serves as purchasing agent. While performing our tests of surety bonds, it was discovered that there was no bond in place for Dr. Walker as purchasing agent. Per the Attorney General's Opinion to Harold C. Middleton dated April 26, 1996, if an individual is serving in more than one position for which bonding is required, the individual must be bonded for each position and the total coverage must equal the combined bonding requirements for the positions in which employed.

Recommendation:

We recommend the district comply with state law and the Attorney General's Opinion.

School District's Response:

We have obtained bond as required.

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

The Lumberton Public School District's response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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

King CPA, PLLC
KING CPA, PLLC
Petal, Mississippi
May 20, 2010

**LUMBERTON PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009**

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|--|--------------------|
| 1. Type of auditor's report issued on the general purpose financial statements: | <u>UNQUALIFIED</u> |
| 2. Material noncompliance relating to the general purpose financial statements? | <u>NO</u> |
| 3. Internal control over financial reporting: | |
| a. Material weakness (es) identified? | <u>NO</u> |
| b. Significant Deficiency(ies) identified that are not considered to be material weakness? | <u>NO</u> |

Federal Awards:

- | | |
|--|----------------------|
| 4. Type of auditor's report issued on compliance for major federal programs: | <u>UNQUALIFIED</u> |
| 5. Internal control over major programs: | |
| a. Material weakness (es) identified? | <u>NO</u> |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | <u>NO</u> |
| 6. Any audit finding(s) reported as required by section __.510(a) of OMB Circular A-133? | <u>NO</u> |
| 7. Federal programs identified as major programs: | |
| Twenty-First Century Community Learning Centers | CFDA # <u>84.287</u> |
| Special Education Cluster | |
| Special Education – grants to states | CFDA # <u>84.027</u> |
| Special Education – preschool grants | CFDA # <u>84.173</u> |
| Title II – Grants to local education agencies | CFDA# <u>84.367</u> |
| 8. The dollar threshold used to distinguish between Type A and Type B programs: | <u>\$300,000</u> |
| 9. Auditee qualified as a low-risk auditee? | <u>YES</u> |

LUMBERTON PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (continued)

10. Prior fiscal year audit finding(s) and questioned cost reactive to federal awards which would require the auditee to prepare a summary schedule of prior audits findings as discussed in Section __.315(b) of OMB Circular A-133?

NO

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Cost

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

LUMBERTON PUBLIC SCHOOL DISTRICT

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As required by Section __.315 (b) of OMB Circular A-133, the Lumberton Public School District has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2009:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
----------------	---------------------------------------

There are no unresolved prior audit findings.