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Durant Public School District
Audited Financial Statements
June 30, 2011

Fortenberry & Ballard, PC
Certified Public Accountants

**Durant Public School District
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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Durant 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 Durant Public School District as of and for the year ended June 30, 2011, which collectively comprise the Durant Public School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Durant Public School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Durant Public School District, as of June 30, 2011, and the respective changes in financial position, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2011, on our consideration of the Durant Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to

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supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise the Durant County School District's basic financial statements. The other information section, which includes the Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
October 18, 2011

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Durant Public School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

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

FINANCIAL HIGHLIGHTS

- Total net assets for 2011 decreased \$152,679, which represents 36% decrease from fiscal year 2010. Total net assets for 2010 decreased \$316,763, which represents a 43% decrease from fiscal year 2009.
- General revenues amounted to \$2,980,549 and \$3,116,691, or 68% and 67% of all revenues for fiscal years 2011 and 2010, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,424,640 or 32% of total revenues for 2011, and \$1,519,954, or 33% of total revenues for 2010.
- The District had \$4,557,868 and \$4,953,408 in expenses for fiscal years 2011 and 2010; only \$1,424,640 for 2011 and \$1,519,954 for 2010 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$2,980,549 for 2011 and \$3,116,691 for 2010 were not adequate to provide for these programs.
- Among the major funds, the General Fund had \$2,674,092 in revenues and \$2,934,873 in expenditures for 2011, and \$2,946,837 in revenues and \$3,320,624 in expenditures for 2010. The General Fund's fund balance decreased by \$311,558 from 2010 to 2011 and decreased by \$380,060 from 2009 to 2010.
- Capital assets, net of accumulated depreciation, decreased by \$91,523 for 2011 and decreased by \$2,204 for 2010. The decrease for 2011 was due to retirements of furniture and equipment and depreciation expense.
- Long-term debt decreased by \$116,136 for 2011 and decreased by \$82,788 for 2010. This decrease was due to payments of principal on outstanding long-term debt. The liability for compensated absences decreased by \$5,124 for 2011 and increased by \$5,229 for 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Durant Public School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide

Durant Public School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

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

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these reports as other governmental funds.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. These funds are reported using the accrual basis of accounting. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

Durant Public School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplemental Information

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

Supplemental Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets

Net assets may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$275,283 as of June 30, 2011.

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

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

Durant Public School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Table 1
Condensed Statement of Net Assets

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
Current assets	\$ 775,133	880,725	(12)%
Restricted assets	36,868	150,132	(75)%
Capital assets, net	<u>1,133,332</u>	<u>1,224,855</u>	(7)%
Total assets	<u>1,945,333</u>	<u>2,255,712</u>	(14)%
Current liabilities	21,568	58,008	(63)%
Long-term debt outstanding	<u>1,648,482</u>	<u>1,769,742</u>	(7)%
Total liabilities	<u>1,670,050</u>	<u>1,827,750</u>	(9)%
Net assets:			
Invested in capital assets, net of related debt	(476,668)	(480,145)	1%
Restricted	380,835	263,883	44%
Unrestricted	<u>371,116</u>	<u>644,224</u>	(42)%
Total net assets	<u>\$ 275,283</u>	<u>427,962</u>	(36)%

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

- Decrease in net capital assets in the amount of \$91,523.
- The principal retirement of \$141,136 of long-term debt.

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2011 and June 30, 2010 were \$4,405,189 and \$4,636,645, respectively. The total cost of all programs and services was \$4,557,868 for 2011 and \$4,953,408 for 2010.

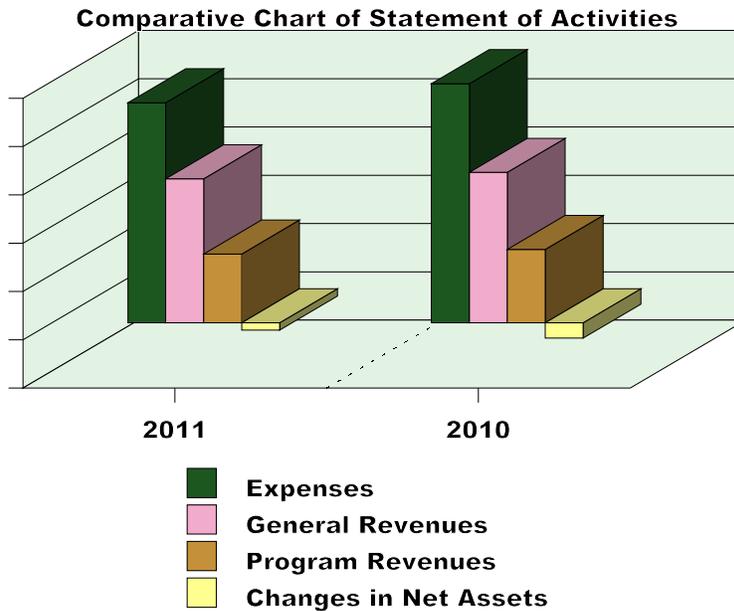
Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

Durant Public School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Table 2
Changes in Net Assets

	Year Ended June 30, 2011	Year Ended June 30, 2010	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 94,090	61,084	54%
Operating grants and contributions	1,314,129	1,445,779	(9)%
Capital grants and contributions	16,421	13,091	25%
Total program revenues	1,424,640	1,519,954	(6)%
General revenues:			
Property taxes	479,677	464,138	3%
Grants and contributions not restricted	2,366,764	2,595,248	(9)%
Unrestricted investment earnings	15,241	43,405	(65)%
Sixteenth section sources	92,383	5,361	1623%
Other	26,484	8,539	210%
Total general revenues	2,980,549	3,116,691	(4)%
Total revenues	4,405,189	4,636,645	(5)%
Expenses:			
Instruction	2,502,472	2,846,209	(12)%
Support services	1,599,806	1,652,237	(3)%
Non-instructional	375,549	376,505	0%
Interest on long-term debt	80,041	78,457	2%
Total expenses	4,557,868	4,953,408	(8)%
Increase (Decrease) in net assets	(152,679)	(316,763)	52%
Net Assets, July 1	427,962	744,725	(43)%
Net Assets, June 30	\$ 275,283	427,962	(36)%

Durant Public School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011



Governmental activities

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

Table 3
Net Cost of Governmental Activities

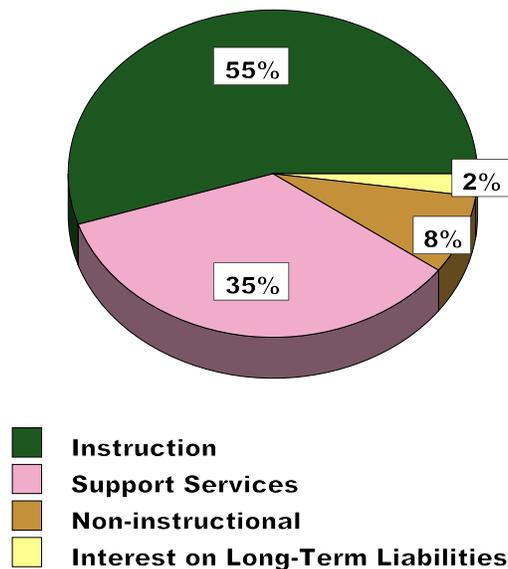
	<u>Total Expenses</u>		Percentage Change
	2011	2010	
Instruction	\$ 2,502,472	2,846,209	(12)%
Support services	1,599,806	1,652,237	(3)%
Non-instructional	375,549	376,505	0%
Interest on long-term liabilities	80,041	78,457	2%
Total expenses	\$ 4,557,868	4,953,408	(8)%

Durant Public School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Net (Expense) Revenue

	2011	2010	Percentage Change
Instruction	\$ (1,866,630)	(2,217,334)	(16)%
Support services	(1,224,688)	(1,119,164)	9%
Non-instructional	21,828	(18,499)	(218)%
Sixteenth section	16,303	0	
Interest on long-term liabilities	(80,041)	(78,457)	2%
Total net (expense) revenue	\$ (3,133,228)	(3,433,454)	(9)%

Chart of Expenses per Statement of Activities



- Net cost of governmental activities, (\$3,133,228 for 2011 and \$3,433,454 for 2010) was financed by general revenue, which is made up of primarily property taxes of (\$479,677 for 2011 and \$464,138 for 2010), and state and federal revenues (\$2,366,764 for 2011 and \$2,595,248 for 2010). In addition, there was \$92,383 and \$5,361 in Sixteenth Section sources for 2011 and 2010, respectively.
- Investment earnings amounted to \$15,241 for 2011 and \$43,405 for 2010.

Durant Public School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$786,826, a decrease of \$207,742, which includes an increase in inventory of \$1,116. \$385,813 or 49% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$401,013 or 51% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$311,558. The fund balance of Other Governmental Funds showed a decrease in the amount of \$5,943, which includes an increase in reserve for inventory of \$1,116, due primarily to the recording of the change in inventory during the year. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title I Basic FYE 2003 Fund	No increase or decrease
SPED ARRA Fund	No increase or decrease
Twenty First Century Grant	No increase or decrease
Sixteenth Section Interest Fund	\$ 109,759

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.

Durant Public School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

- Budget amounts for revenue from local and state sources in the General fund were decreased to better reflect revenues received during the fiscal year. Amounts originally budgeted were overstated.
- Budget amounts for revenue from federal sources in the Title I Basic FYE 2003 Fund were increased to better reflect revenues received during the fiscal year. Amounts originally budgeted were understated.
- Actual amounts for instructional expenditures for the Twenty First Century Fund were more than originally budgeted because expenditures were more than the amount estimated for the original budget.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2011, the District's total capital assets were \$2,396,145, including land, school buildings, building improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. This amount represents a decrease of \$8,208 from 2010. Total accumulated depreciation as of June 30, 2011 was \$1,262,813 and total depreciation expense for the year was \$91,441, resulting in total net capital assets of \$1,133,332.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
Land	\$ 38,890	38,890	0%
Buildings	525,420	545,854	(4)%
Building improvements	414,760	439,158	(6)%
Improvements other than buildings	36,805	39,379	(7)%
Mobile equipment	71,378	83,504	(15)%
Furniture and equipment	46,079	78,070	(41)%
Total	<u>\$ 1,133,332</u>	<u>1,224,855</u>	(7)%

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

Durant Public School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Debt Administration. At June 30, 2011, the District had \$1,648,482 in outstanding long-term debt, of which \$160,404 is due within one year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 920,000	975,000	(6)%
Limited obligation bonds payable	690,000	730,000	(5)%
Shortfall notes payable	22,404	43,540	(49)%
Compensated absences payable	16,078	21,202	(24)%
Total	<u>\$ 1,648,482</u>	<u>1,769,742</u>	<u>(7)%</u>

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

CURRENT ISSUES

The Durant 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.

Enrollment for the 2010- 2011 year decreased 2% to 514 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Durant Public School District, PO Box 669, Durant, MS 39063.

FINANCIAL STATEMENTS

DURANT PUBLIC SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
Assets	
<i>Cash and cash equivalents</i>	\$ 641,364
<i>Investments</i>	10,000
<i>Due from other governments</i>	107,362
<i>Inventories</i>	4,217
<i>Bond issuance costs</i>	12,190
<i>Restricted assets</i>	36,868
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	38,890
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	525,420
<i>Building improvements</i>	414,760
<i>Improvements other than buildings</i>	36,805
<i>Mobile equipment</i>	71,378
<i>Furniture and equipment</i>	46,079
Total Assets	<u>1,945,333</u>
Liabilities	
<i>Accounts payable and accrued liabilities</i>	100
<i>Interest payable on long-term liabilities</i>	8,583
<i>Other payables</i>	12,885
Long-term liabilities (due within one year):	
<i>Capital related liabilities</i>	138,000
<i>Non-capital related liabilities</i>	22,404
Long-term liabilities (due beyond one year):	
<i>Capital related liabilities</i>	1,472,000
<i>Non-capital related liabilities</i>	16,078
Total Liabilities	<u>1,670,050</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	(476,668)
Restricted For:	
Expendable:	
School-based activities	309,237
Debt service	17,475
Unemployment benefits	17,255
Sixteenth section	1,498
Non-expendable:	
Sixteenth section	35,370
Unrestricted	371,116
Total Net Assets	<u>\$ 275,283</u>

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:				Governmental Activities	
<i>Instruction</i>	2,502,472	42,016	577,405	16,421	(1,866,630)
<i>Support services</i>	1,599,806	--	375,118	--	(1,224,688)
<i>Noninstructional services</i>	375,549	35,771	361,606	--	21,828
<i>Sixteenth section</i>	--	16,303	--	--	16,303
<i>Interest on long-term liabilities</i>	80,041	--	--	--	(80,041)
Total Governmental Activities	<u>\$ 4,557,868</u>	<u>\$ 94,090</u>	<u>\$ 1,314,129</u>	<u>\$ 16,421</u>	<u>(3,133,228)</u>
General Revenues:					
Taxes:					
					381,350
					98,327
Unrestricted grants and contributions:					
					2,195,066
					171,698
					15,241
					92,383
					26,484
Total General Revenues					<u>2,980,549</u>
Change in Net Assets					<u>(152,679)</u>
Net Assets - Beginning					427,962
Net Assets - Ending					<u>\$ 275,283</u>

The accompanying notes are an integral part of this statement.

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DURANT PUBLIC SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Title I Basic FYE 2003	SPED ARRA Fund
Assets			
<i>Cash and cash equivalents</i>	\$ 311,811	\$ --	\$ 10,219
<i>Investments</i>	--	--	--
<i>Due from other governments</i>	28,850	23,118	4,549
<i>Due from other funds</i>	69,632	--	--
<i>Inventories</i>	--	--	--
Total Assets	\$ 410,293	\$ 23,118	\$ 14,768
Liabilities and Fund Balances			
Liabilities			
<i>Accounts payable and accrued liabilities</i>	\$ --	\$ 100	\$ --
<i>Due to other funds</i>	--	23,018	14,768
<i>Other payables</i>	12,885	--	--
Total Liabilities	12,885	23,118	14,768
Fund balances:			
<i>Nonspendable:</i>			
<i>Permanent fund principal</i>	--	--	--
<i>Inventory</i>	--	--	--
Restricted:			
<i>Unemployment benefits</i>	--	--	--
<i>Debt service</i>	--	--	--
<i>Grant activities</i>	--	--	--
<i>Food service</i>	--	--	--
<i>Sixteenth section interest</i>	--	--	--
Assigned:			
<i>Permanent fund</i>	--	--	--
<i>General activity</i>	11,595	--	--
Unassigned	385,813	--	--
Total Fund Balances	397,408	--	--
Total Liabilities and Fund Balances	\$ 410,293	\$ 23,118	\$ 14,768

The accompanying notes are an integral part of this statement.

Twenty First Century Fund	Sixteenth Section Interest Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 152,466	\$ 203,736	\$ 678,232
--	--	10,000	10,000
15,652	--	34,462	106,631
--	--	--	69,632
--	--	4,217	4,217
\$ 15,652	\$ 152,466	\$ 252,415	\$ 868,712
\$ --	\$ --	\$ --	\$ 100
15,652	--	15,463	68,901
--	--	--	12,885
15,652	--	15,463	81,886
--	--	35,370	35,370
--	--	4,217	4,217
--	--	17,255	17,255
--	--	26,058	26,058
--	--	69,414	69,414
--	--	83,140	83,140
--	152,466	--	152,466
--	--	1,498	1,498
--	--	--	11,595
--	--	--	385,813
--	152,466	236,952	786,826
\$ 15,652	\$ 152,466	\$ 252,415	\$ 868,712

DURANT PUBLIC SCHOOL DISTRICT

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

Total fund balances for governmental funds	\$ 786,826
Amounts reported for governmental activities in the Statement of Net Assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	1,133,332
Liabilities due in one year are not recognized in the funds.	(160,404)
Payables for bond principal which are not due in the current period are not reported in the funds.	(1,472,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(8,583)
Payables for compensated absences not due in the current period are not reported in the funds.	(16,078)
Bond issuance costs are capitalized and amortized in the SNA.	<u>12,190</u>
Net assets of governmental activities	<u>\$ 275,283</u>

The accompanying notes are an integral part of this statement.

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DURANT PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Title I Basic FYE 2003	SPED ARRA Fund
Revenues:			
Local sources	\$ 458,029	\$ --	\$ --
State sources	2,195,291	--	--
Federal sources	20,772	442,681	34,618
Sixteenth section sources	--	--	--
Total Revenues	2,674,092	442,681	34,618
Expenditures:			
Instruction	1,674,653	294,274	17,495
Support services	1,145,580	121,956	17,123
Noninstructional services	48	26,451	--
Debt service:			
Principal	65,000	--	--
Interest	48,556	--	--
Other	13,000	--	--
Total Expenditures	2,946,837	442,681	34,618
Excess (Deficiency) of Revenues Over (Under) Expenditures	(272,745)	--	--
Other Financing Sources (Uses):			
Proceeds of refunding bonds	690,000	--	--
Insurance loss recoveries	3,679	--	--
Transfers in	5,432	--	--
Other financing sources	542	--	--
Transfers out	(65,525)	--	--
Payment to refunded bond escrow agent	(665,000)	--	--
Other financing uses	(7,941)	--	--
Total Other Financing Sources (Uses)	(38,813)	--	--
Net Change in Fund Balances	(311,558)	--	--
Fund Balances:			
July 1, 2010	708,966	--	--
Increase (decrease) in reserve for inventory	--	--	--
June 30, 2011	\$ 397,408	\$ --	\$ --

The accompanying notes are an integral part of this statement.

Twenty First Century Fund	Sixteenth Section Interest Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 1,073	\$ 135,866	\$ 594,968
--	--	27,738	2,223,029
213,490	--	762,724	1,474,285
--	108,686	--	108,686
<u>213,490</u>	<u>109,759</u>	<u>926,328</u>	<u>4,400,968</u>
170,538	--	278,604	2,435,564
37,520	--	259,339	1,581,518
--	--	341,022	367,521
--	--	76,136	141,136
--	--	41,030	89,586
--	--	2,781	15,781
<u>208,058</u>	<u>--</u>	<u>998,912</u>	<u>4,631,106</u>
5,432	109,759	(72,584)	(230,138)
--	--	--	690,000
--	--	--	3,679
--	--	78,478	83,910
--	--	--	542
(5,432)	--	(12,953)	(83,910)
--	--	--	(665,000)
--	--	--	(7,941)
<u>(5,432)</u>	<u>--</u>	<u>65,525</u>	<u>21,280</u>
--	109,759	(7,059)	(208,858)
--	42,707	242,895	994,568
--	--	1,116	1,116
<u>\$ --</u>	<u>\$ 152,466</u>	<u>\$ 236,952</u>	<u>\$ 786,826</u>

DURANT PUBLIC SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	\$ (208,858)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
The depreciation of capital assets used in governmental activities is not reported in the funds.	(91,441)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	(82)
Repayment of principal is an expenditure in the funds but is not an expense in the SOA.	141,136
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	12,190
(Increase) decrease in accrued interest from beginning of period to end of period.	13,136
Change in inventory affects fund balance in the funds but affects expense in the SOA.	1,116
Compensated absences are reported as amount earned in SOA but as amount paid in the funds.	5,124
Payment to refunded bond escrow agent is not other financing uses in SOA.	665,000
Proceeds of bonds do not provide revenue in SOA, but are current resources in the funds.	<u>(690,000)</u>
Change in net assets of governmental activities	<u>\$ (152,679)</u>

The accompanying notes are an integral part of this statement.

DURANT PUBLIC SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 JUNE 30, 2011

	Agency Funds
Assets	
<i>Cash and other deposits</i>	\$ 173,926
Total Assets	<u>\$ 173,926</u>
Liabilities	
<i>Accounts payable and accrued liabilities</i>	\$ 158,760
<i>Due to student clubs</i>	9,741
<i>Due to other funds</i>	731
<i>Other payables</i>	4,694
Total Liabilities	<u>\$ 173,926</u>

The accompanying notes are an integral part of this statement.

Durant Public School District

Notes to the Financial Statements
June 30, 2011

Durant Public School District

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

Note 1 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

B. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Durant since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Durant 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.

C. Government-wide and Fund Financial Statements

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental

Durant Public School District

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

revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Title I Basic FYE 2003 Fund - This is the school district's federally funded program offering remedial mathematics, language arts, and reading instruction to eligible students under a school-wide structured project.

Durant Public School District

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

SPED ARRA Fund - This fund accounts for the resources from the Recovery Act special education grants to assist the school district in providing special education to children with disabilities.

Twenty First Century Fund - This fund builds public will and capacity for educationally appropriate school facilities that meet community needs.

Sixteenth Section Interest Fund - This fund accounts for investment activity financed through Sixteenth Section property rental activity and timber sales less expenditures for maintenance and improvements to said property.

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 fund serves as a clearing fund for payroll type transactions.

Student Club Fund - This fund account for the monies raised through school club activities and fund raisers and club related expenditures approved by the individual clubs.

Accounts Payable Clearing Fund - This fund serves as a clearing fund for payables outstanding at year end.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

FIDUCIARY FUNDS

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

Durant Public School District

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

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

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

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

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to

Durant Public School District

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

finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

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

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

E. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Durant Public School District

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

Investments for the district are reported at fair market value.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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 fund.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending

Durant Public School District

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

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

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

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

The following schedule details the capitalization thresholds:

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

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

7. Compensated Absences

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

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated

Durant Public School District

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

based on historical trends. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

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

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

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

9. Fund Balances

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. Currently there is no committed fund balance for this school district.

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

Durant Public School District

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

are created by the Superintendent and Business Manager pursuant to authorization established by the policy adopted by the school district.

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

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

Note 2 - Cash, 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 districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Investments. Section 29-3-113 and 37-59-43 Miss. Code Ann. (1972), authorizes the school board to invest 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, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued

Durant Public School District

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

by the United States of America that are deemed to include securities of, or other interests in, any 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, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits reported in the governmental funds and fiduciary funds was \$678,232 and \$173,926 respectively. The carrying amount of deposits reported in government-wide statements was: cash and cash equivalents \$641,364. The bank balance was \$1,009,714.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2011, none of the district's bank balance of \$1,009,714 was exposed to custodial credit risk.

Investments

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

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
Certificates of Deposit	N/A	1 to 5	\$ 10,000
Total Investments			<u>\$ 10,000</u>

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

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

Durant Public School District

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

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.

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

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Total Investment</u>
Certificates of Deposit	\$ 10,000	100%

Note 3 - Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title I Basic FYE 2003 Fund	\$ 23,018
	SPED ARRA Fund	14,768
	Twenty First Century Fund	15,652
	Other Governmental Funds	15,463
	Agency Funds	<u>731</u>
Total		\$ <u><u>69,632</u></u>

The purpose of the Due From/To other funds balances was to cover deficit cash balances. All balances are expected to be repaid within one year from the date of the financial statements.

B. Inter-fund Transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Twenty First Century Fund	General Fund	\$ 5,432
General Fund	Other Governmental Funds	65,525
Other Governmental Funds		<u>12,953</u>
Total		\$ <u><u>83,910</u></u>

Durant Public School District

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

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

Note 4 - Restricted Assets

The restricted assets represent the cash balance, totaling \$36,868, 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.

Note 5 - Capital Assets

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

	Balance 7-1-2010	Additions	Retirements	Balance 6-30-2010
<u>Non-depreciable capital assets:</u>				
Land	\$ 38,890			38,890
Total non-depreciable capital assets	<u>38,890</u>	<u>0</u>	<u>0</u>	<u>38,890</u>
<u>Depreciable capital assets:</u>				
Buildings	1,169,883			1,169,883
Building improvements	609,942			609,942
Improvements other than buildings	64,350			64,350
Mobile equipment	162,662			162,662
Furniture and equipment	358,626		8,208	350,418
Total depreciable assets	<u>2,365,463</u>	<u>0</u>	<u>8,208</u>	<u>2,357,255</u>
<u>Less accumulated depreciation for :</u>				
Buildings	624,029	20,434		644,463
Building improvements	170,784	24,398		195,182
Improvements other than buildings	24,971	2,574		27,545
Mobile equipment	79,158	12,126		91,284
Furniture and equipment	280,556	31,909	8,126	304,339
Total accumulated depreciation	<u>1,179,498</u>	<u>91,441</u>	<u>8,126</u>	<u>1,262,813</u>
Total depreciable capital assets, net	<u>1,185,965</u>	<u>(91,441)</u>	<u>82</u>	<u>1,094,442</u>
Governmental activities capital assets, net	<u>\$ 1,224,855</u>	<u>(91,441)</u>	<u>82</u>	<u>1,133,332</u>

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$ 64,009
Support services	18,288
Non-instructional	9,144
Total depreciation expense	<u>\$ 91,441</u>

Durant Public School District

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

Note 6 - Long-term liabilities

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

		Balance 7-1-2010	Additions	Reductions	Balance 6-30-2011	Amounts due within one year
A.	General obligation bonds payable	\$ 975,000		55,000	920,000	60,000
B.	Limited obligation bonds payable	730,000		730,000	0	
	Limited obligation bonds payable		690,000		690,000	78,000
C.	Shortfall notes payable	43,540		21,136	22,404	22,404
D.	Compensated absences payable	21,202		5,124	16,078	
	Total	\$ 1,769,742	690,000	811,260	1,648,482	160,404

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, Series 2002	3.5-5.0%	11-01-02	11-01-22	\$ 1,300,000	920,000
Total				\$ 1,300,000	920,000

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

1. General obligation bond issue of 2002:

Year Ending June 30	Principal	Interest	Total
2012	\$ 60,000	36,164	96,164
2013	60,000	34,169	94,169
2014	65,000	31,828	96,828
2015	65,000	35,125	100,125
2016	70,000	31,750	101,750
2017 - 2021	410,000	100,500	510,500
2022 - 2023	190,000	9,500	199,500
Total	\$ 920,000	279,036	1,199,036

Durant Public School District

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

This debt will be retired from the Debt Service Fund.

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

B. Limited Obligation Bonds Payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2010 limited obligation bonds payable	2.25%-3.0%	02/01/10	02/01/18	\$ 690,000	690,000
Total				\$ <u>690,000</u>	<u>690,000</u>

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

Year Ending June 30	Principal	Interest	Total
2011	\$ 78,000	10,931	88,931
2012	78,000	15,658	93,658
2013	81,000	13,903	94,903
2014	83,000	12,080	95,080
2015	85,000	10,213	95,213
2016	90,000	8,088	98,088
2017-2018	<u>195,000</u>	<u>7,113</u>	<u>202,113</u>
Total	\$ <u>690,000</u>	<u>77,986</u>	<u>767,986</u>

This debt will be retired from the Debt Service Fund.

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

Durant Public School District

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

On December 15, 2010, the district issued \$690,000 in Series 2010 limited obligation bonds with an average interest rate of 2.25 - 3.00% to advance refund \$665,000 of outstanding limited obligation bonds. The net proceeds of \$665,000 after payments of \$13,000 of issuance costs and accrued interest of \$12,000 were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the limited obligation note. Upon issuance of the new bonds on December 15, 2010 the old bonds were called. Therefore, there is no outstanding balance on the defeased bonds.

C. Shortfall notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall notes payable	6%	8-27-09	04-01-12	\$ 63,480	22,404
Total				\$ <u>63,480</u>	<u>22,404</u>

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

Year Ending June 30	Principal	Interest	Total
2012	\$ <u>22,404</u>	<u>1,344</u>	<u>23,748</u>

This debt will be retired from the 2009 Shortfall Note Fund.

D. Compensated absences payable

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

Note 7 - Other Commitments

Operating Leases:

The school district has several operating leases for copiers.

Lease expenditures for the year ended June 30, 2011, amounted to \$17,142. Future lease payments for these leases are as follows:

Durant Public School District

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

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2012	\$ <u><u>6,108</u></u>

Note 8 - Defined Benefit Pension Plan

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2011 was 12% of the annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2011, 2010 and 2009 were \$270,607, \$295,855, and \$282,033, respectively, which equaled the required contributions for each year.

Note 9 - Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 72 school districts and covers risks of loss arising from injuries to the school district'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

Durant Public School District

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

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 up 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.

Note 10 - Insurance Loss Recoveries

The Durant Public School District received \$3,679 in insurance loss recoveries related to tornado damage during the 2010-2011 year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated among the expenditure functions based on the percentage as follows:

<u>Insurance Loss Recoveries</u>	<u>Percentage</u>	<u>Expenditure Function</u>
\$ <u>3,679</u>	<u>100%</u>	Non-instructional

REQUIRED SUPPLEMENTAL INFORMATION

DURANT PUBLIC SCHOOL DISTRICT

Exhibit 1

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 472,500	458,080	458,029	(14,420)	(51)
State sources	2,236,109	2,195,291	2,195,291	(40,818)	0
Federal sources		20,772	20,772	20,772	0
Total Revenues	<u>2,708,609</u>	<u>2,674,143</u>	<u>2,674,092</u>	<u>(34,466)</u>	<u>(51)</u>
Expenditures:					
Instruction	1,833,482	1,675,384	1,674,653	158,098	731
Support services	1,224,670	1,145,581	1,145,580	79,089	1
Noninstructional services		48	48	(48)	0
Debt Service:					
Principal	65,000	81,952	65,000	(16,952)	16,952
Interest	33,367	19,640	48,556	13,727	(28,916)
Other		13,000	13,000		0
Total Expenditures	<u>3,156,519</u>	<u>2,935,605</u>	<u>2,946,837</u>	<u>220,914</u>	<u>(11,232)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(447,910)</u>	<u>(261,462)</u>	<u>(272,745)</u>	<u>186,448</u>	<u>(11,283)</u>
Other Financing Sources (Uses):					
Proceeds of refunding bonds		13,036	690,000	13,036	676,964
Insurance Loss Recoveries		3,679	3,679	3,679	0
Transfers In	310,401	310,751	5,432	350	(305,319)
Miscellaneous other financing sources		542	542	542	0
Transfers Out	(317,001)	(370,844)	(65,525)	(53,843)	305,319
Payment to refunded bond escrow agent			(665,000)		
Other financing uses		(7,941)	(7,941)	(7,941)	0
Total Other Financing Sources (Uses)	<u>(6,600)</u>	<u>(50,777)</u>	<u>(38,813)</u>	<u>(44,177)</u>	<u>11,964</u>
Net Change in Fund Balances	<u>(454,510)</u>	<u>(312,239)</u>	<u>(311,558)</u>	<u>142,271</u>	<u>681</u>
Fund Balances:					
July 1, 2010	<u>709,537</u>	<u>709,537</u>	<u>708,966</u>	<u>0</u>	<u>(571)</u>
June 30, 2011	<u>\$ 255,027</u>	<u>397,298</u>	<u>397,408</u>	<u>142,271</u>	<u>110</u>

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

DURANT PUBLIC SCHOOL DISTRICT

Exhibit 2

Budgetary Comparison Schedule
 Title I Basic FYE 2003 Fund
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 425,569	442,681	442,681	17,112	0
Total Revenues	<u>425,569</u>	<u>442,681</u>	<u>442,681</u>	<u>17,112</u>	<u>0</u>
Expenditures:					
Instruction	329,248	294,274	294,274	34,974	(0)
Support services	73,988	121,956	121,956	(47,968)	0
Non-instructional	31,333	26,451	26,451	4,882	0
Total Expenditures	<u>434,569</u>	<u>442,681</u>	<u>442,681</u>	<u>(8,112)</u>	<u>(0)</u>
Net Change in Fund Balances	<u>(9,000)</u>	<u>0</u>	<u>0</u>	<u>9,000</u>	<u>(0)</u>
Fund Balances:					
July 1, 2010	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
June 30, 2011	<u><u>\$ (9,000)</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>9,000</u></u>	<u><u>(0)</u></u>

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

DURANT PUBLIC SCHOOL DISTRICT

Exhibit 3

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 8,881		34,618	(8,881)	34,618
Total Revenues	8,881	0	34,618	(8,881)	34,618
Expenditures:					
Instruction	6,881		17,495	6,881	(17,495)
Support services	2,000		17,123	2,000	(17,123)
Total Expenditures	8,881	0	34,618	8,881	(34,618)
Net Change in Fund Balances	0	0	0	0	0
Fund Balances:					
July 1, 2010	0	0	0	0	0
June 30, 2011	\$ 0	0	0	0	0

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

DURANT PUBLIC SCHOOL DISTRICT

Exhibit 4

Budgetary Comparison Schedule
 Twenty First Century Fund
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 125,886	213,490	213,490	87,604	0
Total Revenues	125,886	213,490	213,490	87,604	0
Expenditures:					
Instructional	112,573	170,538	170,538	(57,965)	0
Support services	67,414	37,520	37,520	29,894	0
Total Expenditures	179,987	208,058	208,058	(28,071)	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,101)	5,432	5,432	59,533	0
Other Financing Sources (Uses):					
Transfers out	0	(5,432)	(5,432)	(5,432)	0
Total Other Financing Sources (Uses)	0	(5,432)	(5,432)	(5,432)	0
Net Change in Fund Balances	(54,101)	0	0	54,101	0
Fund Balances:					
July 1, 2010	0	0	0	0	0
June 30, 2011	\$ (54,101)	0	0	54,101	0

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

DURANT PUBLIC SCHOOL DISTRICT

Exhibit 5

Budgetary Comparison Schedule
 Sixteenth Section Interest Fund
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$	1,073	1,073	1,073	0
Sixteenth section sources	3,400	108,686	108,686	105,286	0
Total Revenues	3,400	109,759	109,759	106,359	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,400	109,759	109,759	106,359	0
Other Financing Sources (Uses):					
Transfers out	(3,400)			3,400	0
Total Other Financing Sources (Uses)	(3,400)	0	0	3,400	0
Net Change in Fund Balances	0	109,759	109,759	109,759	0
Fund Balances:					
July 1, 2010	42,707	42,707	42,707	0	0
June 30, 2011	\$ 42,707	152,466	152,466	109,759	0

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

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

Durant Public School District

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

Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

SUPPLEMENTAL INFORMATION

DURANT PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/ Pass-through Grantor/ Program Title/	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U. S. Department of Agriculture</u>		
Passed-through the Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 71,261
National school lunch program	10.555	233,572
Summer food service for children	10.559	26,660
Total child nutrition cluster		331,493
Total passed-through the Mississippi Department of Education		331,493
Total U.S. Department of Agriculture		331,493
 <u>U. S. Department of Education</u>		
Passed-through the Mississippi Department of Education:		
Safe and drug free-schools and communities - state grants	84.186	2,200
Twenty - first century community learning centers	84.287	213,490
Rural education	84.358	13,058
Improving teacher quality state grants	84.367	73,039
ARRA - State Fiscal Stabilization Fund - Education state grants, Recovery Act	84.394	150,926
Subtotal		452,713
Title I Cluster:		
Title I grants to local educational agencies	84.010	442,681
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	26,014
Subtotal		468,695
Title II Cluster:		
Education technology state grants	84.318	5,754
ARRA - Education technology state grants, Recovery Act	84.386	6,531
Subtotal		12,285
Special Education Cluster:		
Special education - grants to states	84.027	136,590
Special education - preschool grants	84.173	8,159
ARRA - Special education grants to states, Recovery Act	84.391	34,618
ARRA - Special education - preschool grants, Recovery Act	84.392	2,695
Total special education cluster		182,062
Total passed-through the Mississippi Department of Education		1,115,755
Total U.S. Department of Education		1,115,755
 <u>U. S. Department of Homeland Security</u>		
Disaster Grants:		
Disaster Grants - Public Assistance (Presidentially declared disasters)	97.036	16,118
Total U.S. Department of Homeland Security		16,118
 <u>U.S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Education:		
Medical assistance program	93.778	20,772
Total passed-through the Mississippi Department of Education		20,772
Total U.S. Department of Health and Human Services		20,772
Total for All Federal Awards		\$ 1,484,138

NOTES TO SCHEDULE

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

DURANT PUBLIC SCHOOL DISTRICT

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 3,086,636	2,458,928	281,982	119,550	226,176
Other	1,544,470	608,909	166,376	15,339	753,846
Total	\$ <u>4,631,106</u>	<u>3,067,837</u>	<u>448,358</u>	<u>134,889</u>	<u>980,022</u>
Total number of students *	514				
Cost per student	\$ 9,010	5,969	872	262	1,907

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.

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

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

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

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

OTHER INFORMATION

DURANT PUBLIC SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund

Last Four Years

	2011	2010*	2009*	2008*
Revenues:				
Local sources	\$ 458,029	478,472	670,831	787,629
State sources	2,195,291	2,400,707	2,632,326	2,810,788
Federal sources	20,772		26,692	30,498
Total Revenues	<u>2,674,092</u>	<u>2,879,179</u>	<u>3,329,849</u>	<u>3,628,915</u>
Expenditures:				
Instruction	1,674,653	1,912,374	2,126,776	2,086,659
Support services	1,145,580	1,306,301	1,232,285	1,291,568
Noninstructional services	48	689		
Debt Service:				
Principal	65,000	65,000	60,000	60,000
Interest	48,556	36,260	39,003	41,605
Other	13,000			
Total Expenditures	<u>2,946,837</u>	<u>3,320,624</u>	<u>3,458,064</u>	<u>3,479,832</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(272,745)</u>	<u>(441,445)</u>	<u>(128,215)</u>	<u>149,083</u>
Other Financing Sources (Uses):				
Proceeds of refunding bonds	690,000	63,480		
Insurance loss recoveries	3,679	6,981	100	
Operating transfers in	5,432		7,989	16,000
Other financing sources	542	448		
Operating transfers out	(65,525)	(9,524)	(1,249)	(14,082)
Payment to refunded bond escrow agent	(665,000)			
Other financing sources	(7,941)			
Total Other Financing Sources (Uses)	<u>(38,813)</u>	<u>61,385</u>	<u>6,840</u>	<u>1,918</u>
Net Change in Fund Balances	<u>(311,558)</u>	<u>(380,060)</u>	<u>(121,375)</u>	<u>151,001</u>
Fund Balances:				
July 1,	708,966	1,089,026	1,210,401	1,059,400
June 30,	<u>\$ 397,408</u>	<u>708,966</u>	<u>1,089,026</u>	<u>1,210,401</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

DURANT PUBLIC SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

All Governmental Funds

Last Four Years

	2011	2010*	2009*	2008*
Revenues:				
Local sources	\$ 594,968	576,977	799,659	947,713
State sources	2,223,029	2,476,461	2,659,998	2,843,085
Federal sources	1,474,285	1,577,399	1,049,986	1,258,577
Sixteenth section sources	108,686	5,361	11,195	60,747
Total Revenues	<u>4,400,968</u>	<u>4,636,198</u>	<u>4,520,838</u>	<u>5,110,122</u>
Expenditures:				
Instruction	2,435,564	2,786,487	2,523,726	2,542,737
Support services	1,581,518	1,720,348	1,525,844	1,777,337
Noninstructional services	367,521	365,591	396,190	351,390
Debt service:				
Principal	141,136	146,444	121,100	115,880
Interest	89,586	78,976	82,302	87,749
Other	15,781		2,793	
Total Expenditures	<u>4,631,106</u>	<u>5,097,846</u>	<u>4,651,955</u>	<u>4,875,093</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(230,138)</u>	<u>(461,648)</u>	<u>(131,117)</u>	<u>235,029</u>
Other Financing Sources (Uses):				
Proceeds of loans		63,480		
Proceeds of refunding bonds	690,000			
Insurance loss recoveries	3,679		100	
Sale of transportation equipment		6,981		
Operating transfers in	83,910	14,563	9,238	30,082
Other financing sources	542	448		
Operating transfers out	(83,910)	(14,563)	(9,238)	(30,082)
Payment to refunded bond escrow agent	(665,000)			
Other financing sources	(7,941)			
Total Other Financing Sources (Uses)	<u>21,280</u>	<u>70,909</u>	<u>100</u>	<u>0</u>
Net Change in Fund Balances	(208,858)	(390,739)	(131,017)	235,029
Fund Balances:				
July 1,	994,568	1,387,381	1,517,340	1,283,091
Increase (Decrease) in reserve for inventory	1,116	(2,074)	1,058	(780)
June 30,	<u>\$ 786,826</u>	<u>994,568</u>	<u>1,387,381</u>	<u>1,517,340</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Durant Public School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Durant Public School District as of and for the year ended June 30, 2011, which collectively comprise the Durant Public School District's basic financial statements and have issued our report thereon dated October 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Durant County School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the school district's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the school district's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Durant County 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 that are required to be reported under *Government Auditing Standards*.

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 18, 2011

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Durant Public School District

Compliance

We have audited the compliance of the Durant Public School District with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect applicable on each of its major federal programs for the year ended June 30, 2011. The Durant Public School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contract and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

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

Internal Control Over Compliance

Management of the Durant 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 Durant Public 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 the

auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

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

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 18, 2011

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Durant Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Durant Public School District as of and for the year ended June 30, 2011, which collectively comprise Durant Public School District's basic financial statements and have issued our report thereon dated October 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33 (3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$3,299 of classroom supply funds carried over from previous years.

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 18, 2011

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Durant Public School District

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

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unqualified.
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unqualified.
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No.
7. Identification of major programs:

CFDA Numbers

10.553, 10.555 & 10.559

84.010, 84.389

Name of Federal Program or Cluster

Child Nutrition Cluster

Title I Cluster

8. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
9. Auditee qualified as low-risk auditee? No.

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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