*[INPUT]* SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2011

*[INPUT]* SCHOOL DISTRICT

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[Note to Preparer: Please insert page numbers.]

INDEPENDENT AUDITOR’S REPORT

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# INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
*[Input]* School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the *[input]* School District as of and for the year ended June 30, 2011, which collectively comprise the *[input]* School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the *[input]* School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *[input]* 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.

[Signature]

[Date] **

** The auditor's report should not be dated earlier than the date on which the auditor has obtained sufficient appropriate audit evidence to support the opinion. This date will ordinarily be close to the date the auditor grants the entity permission to use the auditor's report in connection with the financial statements (Report release date). In many cases, the report release date will be the date the auditor delivers the report to the entity. (AU §339.23)

Note 1: For modifications to the Independent Auditor's Report as a result of business-type activities, aggregate discretely presented component units, qualifications, adverse or other deviations, refer to the AICPA Audit and Accounting Guide for State and Local Governments, as of March 1, 2011.

Note 2: In February 2010, the Auditing Standards Board issued Statement on Auditing Standards (SAS) No. 118, *Other Information in Documents Containing Audited Financial Statements* (AICPA, Professional Standards, AU sec. 550); SAS No. 119, *Supplementary Information in Relation to the Financial Statements as a Whole* (AICPA, Professional Standards, AU sec. 551); and SAS No. 120, *Required Supplementary Information* (AICPA, Professional Standards, AU sec 558). These standards collectively supersede AU sections 550A, 551A, and 558A, respectively, and are effective for audits of financial statements for periods beginning on or after December 15, 2010, with early application permitted. This example of an auditor's standard report on the financial statements of a state or local governmental unit issued in accordance with *Government Auditing Standards* or in a Single Audit has been revised to comply with SAS Nos. 118-120.

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

## FINANCIAL HIGHLIGHTS

- Total net assets for 2011 increased/decreased $_____, including a prior period adjustment of $_____, which represents a(n) ___% increase/decrease from fiscal year 2010. Total net assets for 2010 increased/decreased $_____, including a prior period adjustment of $_____, which represents a(n) ___% increase/decrease from fiscal year 2009.

- General revenues amounted to $_____ and $_____, or ___% and ___% 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 $_____, or ___% of total revenues for 2011, and $_____, or ___ % of total revenues for 2010.

- The District had $_____ and $_____ in expenses for fiscal years 2011 and 2010; only $_____ for 2011 and $_____ for 2010 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $_____ for 2011 and $_____ for 2010 were/were not adequate to provide for these programs.

- Among major funds, the General Fund had $_____ in revenues and $_____ in expenditures for 2011, and $_____ in revenues and $_____ in expenditures in 2010. The General Fund's fund balance increased/decreased by $_____ from 2010 to 2011, and increased/decreased by $_____ from 2009 to 2010.

- Capital assets, net of accumulated depreciation, increased/decreased by $_____ for 2011 and increased/ decreased by $_____ for 2010. The increase/decrease for 2011 was due to the addition/disposal of _____ coupled with the increase in accumulated depreciation.

- Long-term debt increased/decreased by $_____ for 2011 and increased/decreased by $_____ for 2010. This increase/decrease for 2011 was due primarily to the issuance of general/limited obligation bonds/principal payments on outstanding long-term debt. The liability for compensated absences increased/decreased by $_____ for 2011 and increased/decreased by $_____ for 2010.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

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

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

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

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 (*three*) categories: governmental funds and fiduciary funds. *(Add proprietary funds if applicable to the District.)*

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

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

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

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

**Proprietary funds** *(Only add language if the District has these funds.)*

**Reconciliation of Government-wide and Fund Financial Statements**

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

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

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

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

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

**Notes to the financial statements**

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

**Required Supplemental Information**

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

**Supplemental Information**

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

**Other Information**

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net assets**

Net assets may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by $_____ 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. *(if applicable)*

Table 1 presents a summary of the District's net assets at June 30, 2011 and June 30, 2010. *(Show a column for proprietary fund, if applicable)*

**Table 1**
**Condensed Statement of Net Assets**

| | June 30, 2011 | June 30, 2010 | Percentage Change |
|---|---|---|---|
| Current assets | $ | $ | N/A % |
| Restricted assets *(if applicable)* | | | N/A % |
| Capital assets, net | | | N/A % |
| **Total assets** | - | - | **N/A %** |
| | | | |
| Current liabilities | | | N/A % |
| Long-term debt outstanding | | | N/A % |
| **Total liabilities** | - | - | **N/A %** |
| | | | |
| **Net assets:** | | | |
| Invested in capital assets, net of related debt | | | N/A % |
| Restricted | | | N/A % |
| Unrestricted | | | N/A % |
| **Total net assets** | **$ -** | **$ -** | **N/A %** |

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

- Increase/Decrease in net capital assets in the amount of $_____.
- The principal retirement of $_____ of long-term debt.

**Changes in net assets**

The District's total revenues for the fiscal years ended June 30, 2011 and June 30, 2010 were $_____ and $_____, respectively. The total cost of all programs and services was $_____ for 2011 and $_____ 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.

**Table 2**
**Changes in Net Assets**

| | Year Ended June 30, 2011 | Year Ended June 30, 2010 | Percentage Change |
|---|---|---|---|
| **Revenues:** | | | |
| Program revenues: | | | |
| Charges for services | $ | $ | N/A % |
| Operating grants and contributions | | | N/A % |
| Capital Grants and Contributions | | | N/A % |
| General revenues: | | | |
| Property (and gaming, *if applicable*) taxes | | | N/A % |
| Grants and contributions not restricted | | | N/A % |
| Investment earnings | | | N/A % |
| Sixteenth section sources | | | N/A % |
| Other | | - | N/A % |
| **Total revenues** | - | - | **N/A %** |
| **Expenses:** | | | |
| Instruction | | | N/A % |
| Support services | | | N/A % |
| Non-instructional | | | N/A % |
| Sixteenth section | | | N/A % |
| Interest and other expenses on long-term liabilities | | | N/A % |
| **Total expenses** | - | - | **N/A %** |
| **Increase (Decrease) in net assets** | - | - | **N/A %** |
| **Net Assets, July 1, as originally reported *** | | | N/A % |
| **Prior Period Adjustment** | | | N/A % |
| **Net Assets, July 1, as restated *** | - | - | **N/A %** |
| **Net Assets, June 30** | **$ -** | **$ -** | **N/A %** |

* Use "as originally reported" and "as restated" only if prior period adjustment exists.

## Governmental activities

The following table presents the cost of four/five major District functional activities: instruction, support services, non-instructional, sixteenth section *(if applicable)*, 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**

| | Total Expenses | | Percentage |
|---|---|---|---|
| | **2011** | **2010** | **Change** |
| Instruction | $ | $ | N/A % |
| Support services | | | N/A % |
| Non-instructional | | | N/A % |
| Sixteenth section | | | N/A % |
| Interest on long-term liabilities | | | N/A % |
| **Total expenses** | **$ -** | **$ -** | **N/A %** |

| | Net (Expense) Revenue | | Percentage |
|---|---|---|---|
| | **2011** | **2010** | **Change** |
| Instruction | $ | $ | N/A % |
| Support services | | | N/A % |
| Non-instructional | | | N/A % |
| Sixteenth section | | | N/A % |
| Interest on long-term liabilities | | | N/A % |
| **Total net (expense) revenue** | **$ -** | **$ -** | **N/A %** |

- Net cost of governmental activities ($_____ for 2011 and $_____ for 2010) was financed by general revenue, which is primarily made up of property taxes ($_____ for 2011 and $_____ for 2010) and state and federal revenues ($_____ for 2011 and $_____ for 2010). In addition, there was $_____ and $_____ in Sixteenth Section sources for 2011 and 2010, respectively.

- Investment earnings amounted to $_____ for 2011 and $_____ for 2010.

(Additional Information should be disclosed for proprietary funds.)

## 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 $_____, a(n) increase/decrease of $_____, which includes a prior period adjustment of $_____ and a(n) increase/decrease in inventory of $_____. $_____or ___% 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 $_____ or ___% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase/decrease in fund balance in the General Fund for the fiscal year was $_____. The fund balance of Other Governmental Funds showed a(n) increase/decrease in the amount of $_____, which includes a prior period adjustment of $_____ and a(n) increase/decrease in reserve for inventory of $_____, due primarily to _____. The increase (decrease) in the fund balances for the other major funds were as follows:

| Major Fund | | Increase (Decrease) |
|---|---|---|
| Fund 1 | $ | xxxxxx |
| Fund 2 | $ | (xxxxxx) |
| Fund 3 | | no increase or decrease |
| Fund 4 | | no increase or decrease |

## BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District. (Significant revisions should be explained as they apply to the District.)

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2011, the District's total capital assets were $_____, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents a(n) increase/decrease of $_____from 2010. Total accumulated depreciation as of June 30, 2011, was $_____, and total depreciation expense for the year was $_____, resulting in total net capital assets of $_____.

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

| | June 30, 2011 | June 30, 2010 | Percentage Change |
|---|---|---|---|
| Land | $ | $ | N/A % |
| Construction in Progress | | | N/A % |
| Buildings | | | N/A % |
| Building improvements | | | N/A % |
| Improvements other than buildings | | | N/A % |
| Mobile equipment | | | N/A % |
| Furniture and equipment | | | N/A % |
| Leased property under capital leases | | | N/A % |
| Intangible assets | | | N/A % |
| **Total** | **$ -** | **$ -** | **N/A %** |

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

**Debt Administration.** At June 30, 2011, the District had $_____in outstanding long-term debt, of which $_____is due within one year. The liability for compensated absences increased/decreased $_____ from the prior year. (Significant issues and payments should be explained as they apply to the District).

The District maintains a(n) __ bond rating.

**Table 5**
**Outstanding Long-Term Debt**

| | June 30, 2011 | June 30, 2010 | Percentage Change |
|---|---|---|---|
| General obligation bonds payable | $ | $ | N/A % |
| General obligation refunding bonds payable | | | N/A % |
| Limited obligation bonds payable | | | N/A % |
| Limited obligation refunding bonds payable | | | N/A % |
| Certificates of participation payable | | | N/A % |
| Three mill notes payable | | | N/A % |
| Transportation equipment loans payable | | | N/A % |
| Shortfall notes payable | | | N/A % |
| Obligations under capital leases | | | N/A % |
| Obligations under energy efficiency leases | | | N/A % |
| Installment purchase loans payable | | | N/A % |
| Qualified zone academy bonds payable | | | N/A % |
| Qualified school construction bonds payable | | | N/A % |
| Other loans payable | | | N/A % |
| Compensated absences payable | | | N/A % |
| **Total** | **$ -** | **$ -** | **N/A %** |

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

## CURRENT ISSUES

Insert pertinent information specific to the district here.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the *[input]* School District, *[insert address]*.

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FINANCIAL STATEMENTS

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**SCHOOL DISTRICT**

**Statement of Net Assets** **Exhibit A**

**June 30, 2011**

| | Governmental Activities |
|---|---|
| **Assets** | |
| Cash and cash equivalents | $ |
| Cash with fiscal agents | |
| Investments | |
| Due from other governments | |
| Accrued interest receivable | |
| Other receivables, net | |
| Inventories | |
| Prepaid items | |
| Deferred debt issuance costs | |
| Restricted assets | |
| Capital assets, non-depreciable: | |
| Land | |
| Construction in progress | |
| Capital assets, net of accumulated depreciation: | |
| Buildings | |
| Building improvements | |
| Improvements other than buildings | |
| Mobile equipment | |
| Furniture and equipment | |
| Leased property under capital leases | |
| Intangible assets | |
| Total Assets | 0 |
| **Liabilities** | |
| Accounts payable and accrued liabilities | |
| Due to other governments | |
| Unearned revenue | |
| Interest payable on long-term liabilities | |
| Long-term liabilities, due within one year: | |
| Capital related liabilities | |
| Non-capital related liabilities | |
| Long-term liabilities, due beyond one year: | |
| Capital related liabilities | |
| Non-capital related liabilities | |
| Total Liabilities | 0 |
| **Net Assets** | |
| Invested in capital assets, net of related debt | |
| Restricted for: | |
| Expendable: | |
| School-based activities | |
| Debt service | |
| Capital improvements | |
| Forestry improvements | |
| Unemployment benefits | |
| Non-expendable: | |
| Sixteenth section | |
| Other | |
| Unrestricted | |
| Total Net Assets | $ 0 |

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

**SCHOOL DISTRICT**

**Statement of Activities** **Exhibit B**

**For the Year Ended June 30, 2011**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets: Governmental Activities |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Instruction | $ | $ | $ | $ | $ 0 |
| Support services | | | | | 0 |
| Non-instructional | | | | | 0 |
| Sixteenth section | | | | | 0 |
| Interest on long-term liabilities | | | | | 0 |
| Total Governmental Activities | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |

| | |
|---|---|
| General Revenues: | |
| Taxes: | |
| General purpose levies | |
| Debt purpose levies | |
| Gaming *(if applicable)* | |
| Unrestricted grants and contributions: | |
| State | |
| Federal | |
| Unrestricted investment earnings | |
| Sixteenth section sources | |
| Other | |
| Total General Revenues | 0 |
| Special items | |
| Extraordinary items *(Include only if applicable)* | |
| Transfers | |
| Total General Revenues, Special Items, Extraordinary Items and Transfers | 0 |
| Change in Net Assets | 0 |
| Net Assets - Beginning, as originally reported * | |
| Prior Period Adjustments | |
| Net Assets - Beginning, as restated * | 0 |
| Net Assets - Ending | $ 0 |

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

* Use "as originally reported" and "as restated" only if prior period adjustment exists.

**SCHOOL DISTRICT**

**Governmental Funds**

**Balance Sheet** **Exhibit C**

**June 30, 2011**

| | Major Funds | | | |
|---|---|---|---|---|
| | General Fund | Fund | Other Governmental Funds | Total Governmental Funds |
| **Assets** | | | | |
| Cash and cash equivalents | $ | $ | $ | $ 0 |
| Cash with fiscal agents | | | | 0 |
| Investments | | | | 0 |
| Due from other governments | | | | 0 |
| Accrued interest receivable | | | | 0 |
| Other receivables, net | | | | 0 |
| Due from other funds | | | | 0 |
| Advance to other funds | | | | 0 |
| Inventories | | | | 0 |
| Prepaid items | | | | 0 |
| Total assets | $ 0 | $ 0 | $ 0 | $ 0 |
| **Liabilities and Fund Balances** | | | | |
| **Liabilities:** | | | | |
| Accounts payable and accrued liabilities | $ | $ | $ | $ 0 |
| Due to other funds | | | | 0 |
| Advances from other funds | | | | 0 |
| Unearned revenue | | | | 0 |
| Total Liabilities | 0 | 0 | 0 | 0 |
| **Fund Balances:** | | | | |
| **Nonspendable:** | | | | |
| Inventory | | | | 0 |
| Permanent fund principal | | | | 0 |
| Advances | | | | 0 |
| Prepaid items | | | | 0 |
| **Restricted:** | | | | |
| Debt service | | | | 0 |
| Capital projects | | | | 0 |
| Forestry improvement purposes | | | | 0 |
| Grant activities | | | | 0 |
| Unemployment benefits | | | | 0 |
| *Other purposes* | | | | 0 |
| **Committed:** | | | | |
| Technology | | | | 0 |
| *Other purposes* | | | | 0 |
| **Assigned:** | | | | |
| Capital improvements | | | | 0 |
| *Other purposes* | | | | 0 |
| **Unassigned** | | | | 0 |
| Total Fund Balances | 0 | 0 | 0 | 0 |
| Total Liabilities and Fund Balances | $ 0 | $ 0 | $ 0 | $ 0 |

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

**SCHOOL DISTRICT**

**Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets** **Exhibit C-1**

**June 30, 2011**

| | | |
|---|---|---|
| **Total fund balances for governmental funds** | | $ |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| 1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: | | |
| Land | $ | |
| Construction in progress | | |
| Buildings | | |
| Building improvements | | |
| Improvements other than buildings | | |
| Mobile equipment | | |
| Furniture and equipment | | |
| Leased property under capital leases | | |
| Intangible assets | | |
| Accumulated depreciation | | 0 |
| 2. Some of the district's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. | | |
| 3. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds: | | |
| General obligation bonds | | |
| Limited obligation bonds | | |
| Notes payable | | |
| Certificates of participation | | |
| Capital lease obligations | | |
| Unamortized charges | | |
| Unamortized premiums | | |
| Accrued interest payable | | 0 |
| (***) | | |
| **Net assets of governmental activities** | | $ 0 |

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

(***) Insert other adjustments needed to reconcile when appropriate.

**SCHOOL DISTRICT**

**Governmental Funds**

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

**For the Year Ended June 30, 2011**

| | Major Funds | | Other | Total |
|---|---|---|---|---|
| | General Fund | Fund | Governmental Funds | Governmental Funds |
| **Revenues:** | | | | |
| Local sources | $ | $ | $ | $ 0 |
| Intermediate sources | | | | 0 |
| State sources | | | | 0 |
| Federal sources | | | | 0 |
| Sixteenth section sources | | | | 0 |
| Total Revenues | 0 | 0 | 0 | 0 |
| **Expenditures:** | | | | |
| Instruction | | | | 0 |
| Support services | | | | 0 |
| Noninstructional services | | | | 0 |
| Sixteenth section | | | | 0 |
| Facilities acquisition and construction | | | | 0 |
| Debt service: | | | | |
| Principal | | | | 0 |
| Interest | | | | 0 |
| Advance refunding escrow | | | | 0 |
| Other *(includes debt issue costs, if any)* | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over (under) Expenditures | 0 | 0 | 0 | 0 |
| **Other Financing Sources (Uses):** | | | | |
| Bonds and notes issued | | | | 0 |
| Capital leases issued | | | | 0 |
| Insurance recovery | | | | 0 |
| Refunding bonds issued | | | | 0 |
| Payment to escrow agent | | | | 0 |
| Premiums on bonds and refunding bonds issued | | | | 0 |
| Payment to refunded bond escrow agent | | | | 0 |
| Payment to Qualified Zone Academy debt escrow agent | | | | 0 |
| Sale of transportation equipment | | | | 0 |
| Sale of other property | | | | 0 |
| Operating transfers in | | | | 0 |
| Other financing sources | | | | 0 |
| Operating transfers out | | | | 0 |
| Other financing uses | | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Special items, *if applicable* | | | | 0 |
| Extraordinary items, *if applicable* | | | | 0 |
| Net Change in Fund Balances | 0 | 0 | 0 | 0 |
| Fund Balances: | | | | |
| July 1, 2010, as originally reported * | | | | 0 |
| Prior period adjustments | | | | 0 |
| July 1, 2010, as restated * | 0 | 0 | 0 | 0 |
| Increase (Decrease) in reserve for inventory | | | | 0 |
| June 30, 2011 | $ 0 | $ 0 | $ 0 | $ 0 |

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

* Use "as originally reported" and "as restated" only if prior period adjustment exists.

**SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D-1**

| | | |
|---|---|---|
| **Net change in fund balances - total governmental funds** | | $ |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| 1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are: | | |
| Capital outlay | $ | |
| Depreciation expense | | 0 |
| 2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold. | | |
| 3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities: | | |
| Bonds and notes issued | | |
| Refunding bonds issued | | |
| Premiums on bonds and refunding bonds issued | | |
| Capital leases issued | | |
| Payments of debt principal | | |
| Payments to refunded bond escrow agent | | |
| Payments on refunded bonds | | |
| Accrued interest payable | | |
| Deferred issuance costs | | 0 |
| 4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include: | | |
| Change in compensated absences | | |
| Change in inventory reserve | | |
| Amortization of deferred charges, premiums and discounts | | 0 |
| (***) | | |
| **Change in net assets of governmental activities** | | $ 0 |

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

(***) Insert other adjustments needed to reconcile when appropriate.

**SCHOOL DISTRICT**

**Fiduciary Funds**

**Statement of Fiduciary Net Assets** **(see note below)** **Exhibit E**

**June 30, 2011**

| | Private-Purpose Trust Funds | Agency Funds |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ | $ |
| Investments | | |
| Accrued interest receivable | | |
| Due from other funds | | |
| Due from other governments | | |
| Total Assets | 0 | $ 0 |
| **Liabilities** | | |
| Accounts payable and accrued liabilities | | $ |
| Due to other governments | | |
| Due to other funds | | |
| Due to student clubs | | |
| Total Liabilities | 0 | $ 0 |
| **Net Assets** | | |
| Reserved for endowments | | |
| Held in trust | | |
| Total Net Assets | $ 0 | |

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

Note: If only agency funds are reported, the title of this exhibit should be "Statement of Fiduciary Assets and Liabilities"

**SCHOOL DISTRICT**

**Fiduciary Funds**

**Statement of Changes in Fiduciary Net Assets** **Exhibit F**

**For the Year Ended June 30, 2011**

| | Private-Purpose Trust Funds |
|---|---|
| **Additions** | |
| Interest on investments | $ |
| Contributions and donations from private sources | |
| Total Additions | 0 |
| **Deductions** | |
| Scholarships awarded | |
| Total Deductions | 0 |
| Change in Net Assets | 0 |
| **Net Assets** | |
| July 1, 2010, as originally reported * | |
| Prior period adjustments | |
| July 1, 2010, as restated * | 0 |
| June 30, 2011 | $ 0 |

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

* Use "as originally reported" and "as restated" only if prior period adjustment exists.

## 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

[Option 1 - Select for a county school]

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a *[input number]* member board to which

[Option 1a - Select for a county school, all members elected]

each member is elected by the citizens of each defined county district.

[Option 1b - Select for a county school, some elected / some appointed]

*[input number]* are elected by citizens of each defined county district and *[input number]* are selected by the City of *[input city's name]* Board of Alderman *[or appropriate name]*.

[Option 2 - Select for a city school]

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 *[input city name]* 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.

[Continue]

For financial reporting purposes, *[input]* 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.

[If the school district has Trust Certificate/Certificates of Participation (Blended Component Unit) include the following:]

Blended component unit

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

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

[If the school district has discretely presented component units, the following should be presented:]

Discretely presented component units

[The note should include a description of the component unit included within the financial reporting entity; a description of the relationship between the component units and the school district; a discussion of the criteria for including component units within the reporting entity; a discussion of how component units are reported (blended vs. discrete presentation); and information on how to obtain a copy of the separately issued financial statements of the component units.]

Complete financial statements for each of the individual component units may be obtained from *[input source]*.

[The summary of significant accounting policies should include a disclosure regarding related organizations and the relationship that exists between the school district and any related organization. GASB statement 14:68; 2005 GAAFR page 200. ]

Related Organizations

[If the school district is itself a component unit, include information concerning the primary government and a description of the nature of the relationship. Reference GASB statement 14:65; 2005 GAAFR page 200.]

## C. Government-wide and Fund Financial Statements

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

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

1. Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

2. Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

3. Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary (*if applicable*) 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.

[List other individual major funds, if any, and a description of each.]

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

*Include the following for proprietary funds, if applicable*

The school district reports the following major proprietary fund:

The district's proprietary fund is the _____fund. This fund is used to account for the _____ of the district.

[Continue]

The school district also reports fiduciary funds which focus on net assets and changes in net assets. [Omit when Statement of Changes in Fiduciary Net Assets is not presented.]

The District's fiduciary funds include the following:

[List individual private purpose trust funds and agency funds presented, if any, and a description of each]

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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.

PROPRIETARY FUNDS

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the school district has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUNDS

Private-purpose Trust Funds - Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

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

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

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability 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.

[Option 1 - Use the following for county levying authority]

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

[Option 2 - Use the following for city levying authority]

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

[Option 3 - Use the following if the school district has both county and city levying authorities]

Ad valorem property taxes are levied by the governing authorities of the county and 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.

[Continue]

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

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

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

[If the district has any proprietary funds, include the following two paragraphs:]

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales

and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

[Continue]

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**

[Option 1]
An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

[Option 2]
An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. Encumbrances outstanding at year-end are reported as a classification of fund balances since they do not constitute expenditures or liabilities.

[Option 3]
An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are/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.

Investments for the district, as well as for its component units *[strike if no component units]*, 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.

[If the district is maintaining inventory using the consumption method, insert the appropriate disclosure.]

[Use one of the following two options concerning prepaid items.]

[Option 1]
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.

[Option 2]
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

5. Restricted Assets

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

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at

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

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

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

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 | * | * |
| Intangible assets | ** | ** |

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

(**) The estimated useful life is [describe as deemed appropriate for the district's specific intangible asset(s)]. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

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

7. Compensated Absences

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

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

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

In the government-wide, proprietary and component unit *(if applicable)* 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 __ for details.

9. Fund Balances

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

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

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

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

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is the *[input formal action that is required to be taken by Board to establish the commitment.]*

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

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

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

## Note 2 – Cash and Cash Equivalents

[Option 1 – Use the following section if the district does **not** have cash with fiscal agents or investments reported in the basic financial statements.]

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

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

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

*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, $_____ of the district's bank balance of $_____ was exposed to custodial credit risk. *[Strike last sentence if inapplicable.]*

## Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments

[Option 2 - Use the following section if the school district reports cash with fiscal agents and/or investments on the Balance Sheet. Edit the note title accordingly.]

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty

days or longer ; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of $100 or more of any fund must be credited to that fund. Investment income of less than $100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was $ _____ (which includes $ _____ of certificates of deposit with original maturities beyond three months and reported on the Balance Sheet as investments) and $ _____, respectively.

*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, $_____ of the district's bank balance of $_____ was exposed to custodial credit risk.

[NOTE: Edit the remainder of Note 2 to agree with reported amounts per Statement of Net Assets]

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was $_____.

Note to Preparer:
The GASB Statement #40 investment note disclosure below is intended to be used only as a guide. Please tailor the note disclosure to each individual school district's situation.

Investments

As of June 30, 2011, the district had the following investments. *(Strike the following sentence if inapplicable)* Except for the investment in *[input]*, all investments are in an internal investment pool.

| Investment Type | Rating | Maturities (in years) | Fair Value |
|---|---|---|---|
| U.S. Government securities | | | $ |
| Certificates of deposit | | | |
| Mutual funds | | | |
| Federal Home Loan Bank | | | |
| Hancock Horizon Treasury Securities | | | |
| Money Market Mutual Funds | | | |
| Total | | | $ - |

*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. [If the district has adopted an interest rate risk policy, then explain such policy].

*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 investment choices or one that addresses credit risk. [If the district has adopted a credit risk policy, then explain such policy]. [The credit quality rating of investments as described by nationally recognized statistical rating organizations should be disclosed].

*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. *Modify or strike if inapplicable >* [The investments in the Hancock Horizon Treasury Securities Money Market Mutual Funds are uninsured and unregistered and are not backed by the full faith and credit of the federal government.] Of the district's investments in _____, $_____ of underlying securities are held by the investment's counterparty, not in the name of the district. *Modify or strike if inapplicable >* [As of June 30, 2011, the district did not have any investments to which this would apply.]

*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: [List ONLY qualifying investments comprising **more than 5 percent** of the district's total investments.]

| Issuer | Fair Value | % of Total Investments |
|---|---|---|
| | $ | |

## Note 3 – Inter-fund Receivables, Payables and Transfers

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

[NOTE: if only one section is needed, remove the lettering, i.e., A. and B.]

### A. Due From/To Other Funds

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Major fund #1 | $ |
| | Other governmental funds | |
| Major fund #1 | General Fund | |
| | Other governmental funds | |
| Major fund #2 | General Fund | |
| | Other governmental funds | |
| Other governmental funds | General Fund | |
| Fiduciary funds | General Fund | |
| Total | | $ - |

*[Insert a summary description of the due from/to other funds transactions here.]*

**B. Advances To/From Other Funds**

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Major fund #1 | $ |
| | Other governmental funds | |
| Major fund #1 | General Fund | |
| | Major fund #2 | |
| | Other governmental funds | |
| Major fund #2 | General Fund | |
| | Major fund #1 | |
| | Fiduciary funds | |
| Other governmental funds | General Fund | |
| | Major fund #2 | |
| | Other governmental funds | |
| Fiduciary funds | General Fund | |
| Total | | $ - |

*[Insert a summary description of the advances to/from other funds transactions here.]*

[The following note should be included if Sixteenth Section Principal Fund loans are reported with advances on the Balance Sheet. If advance is for another purpose, insert a basic summary description.]

Sixteenth section principal loans payable

Note: The sixteenth section principal loans payable are not reflected on the Statement of Net Assets because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances.

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

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ | $ | $ - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 - 2021 | | | - |
| 2022 - 2026 | | | - |
| Total | $ - | $ - | $ - |

**C. Inter-fund Transfers**

| Transfers Out | Transfers In | Amount |
|---|---|---|
| General Fund | Major fund #1 | $ |
| | Fiduciary funds | |
| Major fund #1 | General Fund | |
| | Other governmental funds | |
| Major fund #2 | General Fund | |
| | Other governmental funds | |
| Other governmental funds | General Fund | |
| | Other governmental funds | |
| Fiduciary funds | General Fund | |
| Total | | $ - |

*[Insert a summary description of Transfers In/Out transactions here.]*

## Note 4 – Restricted Assets

[Modify or omit this section if inapplicable. It should be presented as one paragraph, and the amounts disclosed should agree with the corresponding amounts on the Statement of Net Assets.]

[Option 1]
The restricted assets represent the cash balance and investment balance, totaling $ _____ and $ _____, respectively, 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.

[Option 2]
In addition, the restricted assets represent the cash and investment balance, totaling $_____ and $_____, respectively, of the QZAB Bond Retirement Fund.

[Option 3]
In addition, the restricted assets represent the cash and investment balance, totaling $_____ and $_____, respectively, of the MAEP Limited Obligation Bond/Note Fund.

## Note 5 – Capital Assets

The following is a summary of changes in capital assets for governmental activities [and business type activities] *(if applicable)*:

*The term depreciation includes amortization of intangible assets. (if applicable).*

| | Balance 7/1/2010 | Increases | Decreases | Balance 6/30/2011 |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Non-depreciable capital assets: | | | | |
| Land | $ | $ | $ | $ - |
| Construction in progress | | | | - |
| Total non-depreciable capital assets | - | - | - | - |
| Depreciable capital assets: | | | | |
| Buildings | | | | - |
| Building improvements | | | | - |
| Improvements other than buildings | | | | - |
| Mobile equipment | | | | - |
| Furniture and equipment | | | | - |
| Leased property under capital leases | | | | - |
| Intangible assets | | | | - |
| Total depreciable capital assets | - | - | - | - |
| Less accumulated depreciation for: | | | | |
| Buildings | | | | - |
| Building improvements | | | | - |
| Improvements other than buildings | | | | - |
| Mobile equipment | | | | - |
| Furniture and equipment | | | | - |
| Leased property under capital leases | | | | - |
| Intangible assets | | | | - |
| Total accumulated depreciation | - | - | - | - |
| Total depreciable capital assets, net | - | - | - | - |
| Governmental activities capital assets, net | $ - | $ - | $ - | $ - |

| | Balance 7/1/2010 | Additions | Retirements | Balance 6/30/2011 |
|---|---|---|---|---|
| **Business Type Activities:** | | | | |
| Depreciable capital assets: | | | | |
| Buildings | $ | $ | $ | $ - |
| Furniture and equipment | | | | - |
| Intangible assets | | | | - |
| Total depreciable capital assets | - | - | - | - |
| Less accumulated depreciation for: | | | | |
| Buildings | | | | - |
| Furniture and equipment | | | | - |
| Intangible assets | | | | - |
| Total accumulated depreciation | - | - | - | - |
| Business-type activities capital assets, net | $ - | $ - | $ - | $ - |

Depreciation expense was charged to the following governmental functions:

| | Amount |
|---|---|
| **Governmental activities:** | |
| Instruction | $ |
| Support services | |
| Non-instructional | |
| Total depreciation expense - Governmental activities | $ 0 |
| **Business type activities:** | |
| *Other business-type* | |
| Other business-type | |
| Total depreciation expense - business-type activities | $ 0 |

[Note: The following statement should only be disclosed if material estimates of capital assets are included in any or all of the individual capital account balances. Edit as the case may be.]

The capital assets above include significant amounts of *[insert asset classification(s) affected]* which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition.

[Note: If significant or material adjustments are presented, include an explanation.]

Construction in progress is composed of:

| | Spent to June 30, 2011 | Remaining Commitment |
|---|---|---|
| **Governmental Activities:** | | |
| (enter project name) | $ | $ |
| (enter project name) | | |
| (enter project name) | | |
| Total governmental activities | - | - |
| **Business Type Activities:** | | |
| (enter project name) | | |
| (enter project name) | | |
| (enter project name) | | |
| Total business-type activities | - | - |
| Total construction in progress | $ - | $ - |

Construction projects included in governmental activities are funded with _____.

## 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 | $ | $ | $ | $ - | $ |
| General obligation refunding bonds payable | | | | - | |
| B. Limited obligation bonds payable | | | | - | |
| Limited obligation refunding bonds payable | | | | - | |
| C. Certificates of participation payable | | | | - | |
| D. Three mill notes payable | | | | - | |
| E. Transportation equipment loans payable | | | | - | |
| F. Shortfall notes payable | | | | - | |
| G. Obligations under capital leases | | | | - | |
| H. Obligations under energy efficiency leases | | | | - | |
| I. Installment purchases loans payable | | | | - | |
| J. Qualified zone academy bonds payable | | | | - | |
| K. Qualified school construction bonds payable | | | | - | |
| L. Other loans payable | | | | - | |
| M. Compensated absences payable | | | | - | |
| Total | $ | $ - | $ - | $ - | $ - |

Note: GAAP specifically require that the terms by which interest rates change for variable rate debt be disclosed. GASB Statement 38:10b; 2005 GAAFR pg 225.

Note: If the school district has pledged future revenue to repay debt, the following items are required to be disclosed, GASB Statement 48.

1. Specific revenue pledged and the approximate amount of the pledge.
2. Purpose of the debt secured by the pledge.
3. Term of the commitment (i.e. period during which the revenue will not be available.)
4. Relationship of the pledged amount of the revenue to the total for that specific revenue.
5. Comparison of the pledged revenues recognized during the period to the principal and interest requirements for the debt directly or indirectly collateralized by those revenues.

### A. General obligation bonds payable

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

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---|---|---|---|---|---|
| 1. | | | | $ | $ |
| 2. | | | | | |
| Total | | | | $ - | $ - |

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

1. General obligation bond issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ $ | $ | - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - $ | - $ | - |

This debt will be retired from the *[input fund]*.

2. General obligation bond issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ $ | $ | - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - $ | - $ | - |

This debt will be retired from the *[input fund]*.

Total general obligation bond payments for all issues:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ | $ | $ - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - | $ - | $ - |

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

[NOTE: If the district refunded debt in the current fiscal year, where the proceeds of new debt was placed with an escrow agent to pay the old debt in a future year, include the following information.

If the district has refunded bonds/notes in prior years, insert a separate disclosure, "Prior Year Defeasance of Debt" – See Report Model, p 58 for example disclosure (Note 7).]

Advance Refunding

On *[date]*, the district issued $_____ in *[type of debt issuance]* with an average interest rate of ___% to advance refund $_____ of outstanding *[type of debt issuance]* with an average interest rate of ___%. The net proceeds of $_____ after payments of $_____ for issuance costs were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the *[type of debt issuance]*.

As a result, the *[original debt issuance]* are considered to be defeased and the liability for those bonds *[certificates, notes, etc.]* has been removed from long-term liabilities.

The district advance refunded the *[original debt issuance]* to reduce its total debt service payments over the remaining ___ years of the debt by approximately $_____ and to realize an economic gain of $_____.

**B. Limited obligation bonds payable**

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

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---|---|---|---|---|---|
| 1. | | | | $ | $ |
| 2. | | | | | |
| Total | | | | $ - | $ - |

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

Limited obligation bond issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ $ | $ | - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - $ | - $ | - |

This debt will be retired from the *[input fund]*.

1. Limited obligation bond issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ $ | $ | - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - $ | - $ | - |

This debt will be retired from the *[input fund]*.

Total limited obligation bonds payments for all issues:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ $ | $ | - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - $ | - $ | - |

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

[NOTE: If the district refunded debt in the current fiscal year, where the proceeds of new debt was placed with an escrow agent to pay the old debt in a future year, include the following information.

If the district has refunded bonds/notes in prior years, insert a separate disclosure, "Prior Year Defeasance of Debt" – See Report Model, p 58 for example disclosure (Note 7).]

Advance Refunding

On *[date]*, the district issued $_____ in *[type of debt issuance]* with an average interest rate of ___% to advance refund $_____ of outstanding *[type of debt issuance]* with an average interest rate of ___%. The net proceeds of $_____ after payments of $_____ for issuance costs were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the *[type of debt issuance]*.

As a result, the *[original debt issuance]* are considered to be defeased and the liability for those bonds *[certificates, notes, etc.]* has been removed from long-term liabilities.

The district advance refunded the *[original debt issuance]* to reduce its total debt service payments over the remaining ___ years of the debt by approximately $_____ and to realize an economic gain of $_____.

## C. Certificates of participation payable

As more fully explained in Note ___, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---|---|---|---|---|---|
| 1. | | | | $ | $ |
| 2. | | | | | |
| Total | | | | $ - | $ - |

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

1. Certificates of participation issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ | $ | $ - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - | $ - | $ - |

This debt will be retired from the *[input fund]*.

2. Certificates of participation issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ | $ | $ - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - | $ - | $ - |

This debt will be retired from the *[input fund]*.

Total certificates of participation payments for all issues:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ | $ | $ - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - | $ - | $ - |

**D. Three mill notes payable**

Debt currently outstanding is as follows:

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---|---|---|---|---|---|
| 1. | | | | $ | $ |
| 2. | | | | | |
| Total | | | | $ - | $ - |

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

1. Three mill notes payable issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ | $ | $ - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - | $ - | $ - |

This debt will be retired from the *[input fund]*.

2. Three mill notes payable issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ $ | $ | - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - $ | - $ | - |

This debt will be retired from the *[input fund]*.

Total three mill notes payable payments for all issues:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ $ | $ | - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - $ | - $ | - |

**E. Transportation equipment loans payable**

Debt currently outstanding is as follows:

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---|---|---|---|---|---|
| 1. | | | | $ | $ |
| 2. | | | | | |
| Total | | | | $ - | $ - |

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

1. Transportation equipment loans payable issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ $ | $ | - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - $ | - $ | - |

This debt will be retired from the *[input fund]*.

2. Transportation equipment loans payable issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ $ | $ | - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - $ | - $ | - |

This debt will be retired from the *[input fund]*.

Total transportation equipment loans payable payments for all issues:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ | $ | $ - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - | $ - | $ - |

**F. Shortfall notes payable**

Debt currently outstanding is as follows:

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---|---|---|---|---|---|
| 1. | | | | $ | $ |
| 2. | | | | | |
| Total | | | | $ - | $ - |

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

1. Shortfall notes payable issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ | $ | $ - |
| 2013 | | | - |
| 2014 | | | - |
| Total | $ - | $ - | $ - |

This debt will be retired from the *[input fund]*.

2. Shortfall notes payable issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ $ | $ | - |
| 2013 | | | - |
| 2014 | | | - |
| Total | $ - $ | - $ | - |

This debt will be retired from the *[input fund]*.

Total shortfall notes payable payments for all issues:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ $ | $ | - |
| 2013 | | | - |
| 2014 | | | - |
| Total | $ - $ | - $ | - |

**G. Obligations under capital leases**

The school district has entered into a lease agreement as lessee for financing the acquisition of _____ at a cost of $_____with a down payment of $_____. This lease qualifies as a capital lease for accounting purposes.

The various options available to the lessee for this lease are as follows:

1.

2.

3.

4.

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---|---|---|---|---|---|
| 1. | | | | $ | $ |
| 2. | | | | | |
| Total | | | | $ - | $ - |

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

| Year Ending June 30 | Principal | Interest and Maintenance Charges | Total |
|---|---|---|---|
| 2012 | $ | $ | $ - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - | $ - | $ - |

[NOTE: Use the following paragraph ONLY IF the school district DOES NOT use the effective interest method.]

The school district uses the straight-line method of amortization for the lease payments which is not in accordance with accounting principles generally accepted in the United States of America. However, the difference between the effective interest method and the straight-line method is not considered material.

This debt will be retired from the *[input fund]*.

**H. Obligations under energy efficiency leases**

Debt currently outstanding is as follows:

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---|---|---|---|---|---|
| 1. | | | | $ | $ |
| 2. | | | | | |
| Total | | | | $ - | $ - |

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

1. Obligations under energy efficiency leases issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ $ | $ | - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - $ | - $ | - |

This debt will be retired from the *[input fund]*.

2. Obligations under energy efficiency leases issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ $ | $ | - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - $ | - $ | - |

This debt will be retired from the *[input fund]*.

Total obligations under energy efficiency leases payments for all issues:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ | $ | $ - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - | $ - | $ - |

An energy efficiency lease agreement dated *[date]*, was executed by and between the district, the lessee, and *[institution]*, the lessor.

The agreement authorized the borrowing of $_____ for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the district maintenance fund *[edit if another fund]* and not exceed ten (10) years.

The district entered into this energy efficiency lease agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

## I. Installment purchases loans payable

The school district has entered into *[input]* installment purchases agreements as listed above. Property under these installment purchases agreements are composed of the following:

Debt currently outstanding is as follows:

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---|---|---|---|---|---|
| 1. | | | | $ | $ |
| 2. | | | | | |
| Total | | | | $ - | $ - |

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

1. Installment purchase loan issue of *[Date]*:

| Year Ending June 30 | | Principal | Interest | Total |
|---|---|---|---|---|
| 2012 | $ | $ | $ | - |
| 2013 | | | | - |
| 2014 | | | | - |
| 2015 | | | | - |
| 2016 | | | | - |
| 2017 – 2021 | | | | - |
| 2022 – 2026 | | | | - |
| 2027 – 2031 | | | | - |
| 2032 – 2036 | | | | - |
| Total | $ | - $ | - $ | - |

This debt will be retired from the *[input fund]*.

2. Installment purchase loan issue of *[Date]*:

| Year Ending June 30 | | Principal | Interest | Total |
|---|---|---|---|---|
| 2012 | $ | $ | $ | - |
| 2013 | | | | - |
| 2014 | | | | - |
| 2015 | | | | - |
| 2016 | | | | - |
| 2017 – 2021 | | | | - |
| 2022 – 2026 | | | | - |
| 2027 – 2031 | | | | - |
| 2032 – 2036 | | | | - |
| Total | $ | - $ | - $ | - |

This debt will be retired from the *[input fund]*.

Total installment purchases loans payments for all issues:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ | $ | $ - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - | $ - | $ - |

**J. Qualified zone academy bonds payable**

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

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---|---|---|---|---|---|
| 1. | | | | $ | $ |
| 2. | | | | | |
| Total | | | | $ - | $ - |

**K. Qualified school construction bonds payable**

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

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---|---|---|---|---|---|
| 1. | | | | $ | $ |
| 2. | | | | | |
| Total | | | | $ - | $ - |

## L. Other loans payable

The school district has issued debt instruments granted under the authority of *[input applicable state statute]*.

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---|---|---|---|---|---|
| 1. | | | | $ | $ |
| 2. | | | | | |
| Total | | | | $ - | $ - |

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

1. Other loan issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ | $ | $ - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - | $ - | $ - |

This debt will be retired from the *[input fund]*.

2. Other loan issue of *[Date]*:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ | $ | $ - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - | $ - | $ - |

This debt will be retired from the *[input fund]*.

Total other loans payments for all issues:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ | $ | $ - |
| 2013 | | | - |
| 2014 | | | - |
| 2015 | | | - |
| 2016 | | | - |
| 2017 – 2021 | | | - |
| 2022 – 2026 | | | - |
| 2027 – 2031 | | | - |
| 2032 – 2036 | | | - |
| Total | $ - | $ - | $ - |

**M. 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 – Prior Year Defeasance of Debt

In prior years, the *[input]* School District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the district's financial statements. On June 30, 2011, $_____ of bonds outstanding are defeased.

## Note 8 – Impairment of Assets

During the current fiscal year, the *[input]* School District has recognized that the following assets qualified as impaired due to *[description of the impairment]*.

Governmental Type Activities:

| Classification (Instruction, Support Services, etc.) | Asset Qualifying As Impaired | Historical Cost | Less: Accumulated Depreciation | Carrying Value | Recognized Property Insurance Recovery | (Gain) Loss |
|---|---|---|---|---|---|---|
| | | $ | $ | $ - $ | $ | $ - |
| | | | | - | | - |
| | | | | - | | - |
| | | | | - | | - |
| | | | | - | | - |
| | | | | - | | - |
| Total Governmental Activities | | $ - | $ - | $ - $ | $ - | $ - |

This impairment loss is reported on the financial statements as a *[program expense, operating expense, special item, or extraordinary item]*.

## Note 9 – Short-Term Financing

During the fiscal year ended June 30, 2011, the school district participated in the following short-term financing(s) for the purpose of _____:

[Option 1]

A. Mississippi School Boards Association (MSBA) cash flow management program.

Under this program, the school district issued a revenue anticipation note payable, and the proceeds from such issuance were held by the financial institution serving as trustee under the program. The school district made periodic withdrawals from the trustee based on its cash flow needs. A fixed rate of return was earned on the investable note proceeds held by the trustee, and such earnings were used to cover the interest and related issuance costs of the note. Depending upon whether the earnings were more or less than the interest and related issuance costs, the school district received a distribution from or made a payment to the trustee.

All transactions related to participation in this program are accounted for as part of the school district's General Fund.

[Option 1a - NOTE: Add the following paragraph if the note matures AFTER June 30]
The revenue anticipation note payable did not mature until after the end of the current fiscal year; however, the school district repaid any withdrawals to the trustee prior to the end of the current fiscal year. Consequently, the note is reflected as a fund liability, not as a long-term liability. The current balance at June 30, 2011, was $_____.
[This disclosure should also address how the district intends to finance the repayment of the short-term debt outstanding at the end of the period (for instance, repayment from operating revenues, a rollover of the obligations, or replacement with long-term debt.)]

[Option 2]

A. Bank-financed short term debt.

The school district issued a revenue anticipation note payable to *[input]*, and the proceeds from such issuance are accounting for as a current liability in the *[input]* fund of the school district. Once the cash flow was available, the district made a payment consisting of principal and interest to the trustee.

All transactions related to participation in this program are accounted for as part of the school district's General Fund.

B. Changes in short-term debt activity recorded in the governmental activities during fiscal year 2011 are as follows:

[List all short term individual debt instruments, including Tax/Revenue Anticipation Notes.]

| Description | Balance 7/1/2010 | Additions | Reductions | Balance 6/30/2011 |
|---|---|---|---|---|
| 1. | $ | $ | $ | $ - |
| 2. | | | | - |
| 3. | | | | - |
| Total | $ - | $ - | $ - | $ - |

## Note 10 – Other Commitments

[NOTE: The following two statements may not apply. Remove the statement(s) that does/do not apply.]

Commitments under construction contracts are described in Note___.

Commitments under re-roofing and renovation contracts amount to $_____.

Operating leases:

[Option 1: only one lease]

The school district has an operating lease for *[input]*.

[Include: General description of the leasing arrangements, current year rental costs (with separate amounts for minimum rentals, contingency rentals, and sublease rentals.) Additional disclosures are required for sublease rentals for non-cancelable subleases.]

Lease expenditures for the year ended June 30, 2011, amounted to $_____. Future lease payments for this lease are as follows:

| Year Ending June 30 | Amount |
|---|---|
| 2012 | $ |
| 2013 | |
| 2014 | |
| 2015 | |
| 2016 | |
| 2017 – 2021 | |
| 2022 – 2026 | |
| 2027 – 2031 | |
| 2032 – 2036 | |
| Total | $ - |

[Option 2: more than one lease]

[Include: General description of the leasing arrangements, current year rental costs (with separate amounts for minimum rentals, contingency rentals, and sublease rentals.) Additional disclosures are required for sublease rentals for non-cancelable subleases.]

The school district has several operating leases for the following:

1.

2.

3.

Lease expenditures for the year ended June 30, 2011, amounted to $_____.

Future lease payments for these leases are as follows:

| Year Ending June 30 | Amount |
|---|---|
| 2012 | $ |
| 2013 | |
| 2014 | |
| 2015 | |
| 2016 | |
| 2017 – 2021 | |
| 2022 – 2026 | |
| 2027 – 2031 | |
| 2032 – 2036 | |
| Total | $ - |

## Note 11 – Defined Benefit Pension Plan

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

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

## Note 12 – Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is

received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

| Year Ending June 30 | Amount |
|---|---|
| 2012 | $ |
| 2013 | |
| 2014 | |
| 2015 | |
| 2016 | |
| 2017 – 2021 | |
| 2022 – 2026 | |
| 2027 – 2031 | |
| 2032 – 2036 | |
| Total | $ - |

## Note 13 – Deficit Fund Balance of Individual Funds

[Option 1 - Only the district maintenance fund has a deficit fund balance]

The District Maintenance Fund, included in the General Fund for financial reporting purposes, has a deficit fund balance in the amount of $_____. The deficit fund balance of the District Maintenance Fund is in violation of Section 37-61-19, Miss. Code Ann. (1972), which imposes personal liability on any school official who knowingly enters into any contract, incurs any liability, or makes any expenditure in excess of the resources available for the fiscal year under certain circumstances.

[Option 2 - Use the following language if two or more funds, including the District Maintenance Fund, have deficit fund balances.]

A general listing of the individual funds that have a deficit fund balance, including amounts of the deficit, is as follows:

| Fund | Fund Balance |
|---|---|
| | $ |

The deficit fund balances, as listed above, are in violation of Section 37-61-19, Miss. Code Ann. (1972), which imposes personal liability on any school official who knowingly enters into any contract, incurs any liability, or makes any expenditure in excess of the resources available for the fiscal year under certain circumstances.

[Option 3 - Use the following language if only one fund other than the District Maintenance Fund has a deficit fund balance, and the District Maintenance Fund has available funds to cover the deficit.]

The *[input]* Fund has a deficit fund balance in the amount of $_____.

The deficit fund balance is in violation of Section 37-61-19, Miss. Code Ann. (1972). However, this deficit could have been eliminated with a transfer from the District Maintenance Fund (General Fund). Section 37-61-21, Miss. Code Ann. (1972), allows the school board of the school district, with the assistance from the superintendent, to transfer resources to and from functions and funds within the budget when and where needed under certain circumstances.

[Option 4 - Use the following language if two or more funds other than the District Maintenance Fund have deficit fund balances, and the District Maintenance Fund has available funds to cover the deficits.]

A general listing of the individual funds that have a deficit fund balance, including amounts of the deficit, is as follows:

| Fund | Fund Balance |
|---|---|
| | $ |

The deficit fund balances, as listed above, are in violation of Section 37-61-19, Miss. Code Ann. (1972). These deficits could have been eliminated with a transfer from the District Maintenance Fund (General Fund). Section 37-61-21, Miss. Code Ann. (1972), allows the school board of the school district, with the assistance from the superintendent, to transfer resources to and from functions and funds within the budget when and where needed under certain circumstances.

[Option 5 - Use the following language if two or more funds other than the District Maintenance Fund have deficit fund balances, and the District Maintenance Fund DOES NOT have available funds to cover the deficits]

A general listing of the individual funds that have a deficit fund balance, including amounts of the deficit, is as follows:

| Fund | Fund Balance |
|---|---|
| | $ |

The deficit fund balances are in violation of Section 37-61-19, Miss. Code Ann. (1972). Section 37-61-21, Miss. Code Ann. (1972), allows the school board of the school district, with the assistance from the superintendent, to transfer resources to and from functions and funds within the budget when and where needed under certain circumstances. However, funds are not available to eliminate these deficits. Section 37-61-19, Miss. Code Ann. (1972), imposes personal liability on any school official who knowingly enters into any contract, incurs any liability, or makes any expenditure in excess of the resources available for the fiscal year under certain circumstances.

## Note 14 – Prior Period Adjustments

A summary of significant fund balance adjustments is as follows:

Exhibit B - Statement of Activities

| | Explanation | Amount |
|---|---|---|
| 1. | | $ |
| 2. | | |
| 3. | | |
| | Total | $ - |

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

| Fund | Explanation | Amount |
|---|---|---|
| General Fund | | $ |
| Major Fund | | |
| Other governmental funds | | |
| Total | | $ - |

Exhibit F - Statement of Changes in Fiduciary Net Assets

| | Explanation | Amount |
|---|---|---|
| 1. | | $ |
| 2. | | |
| 3. | | |
| | Total | $ - |

## Note 15 – Contingencies

Federal Grants – The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district. *(Delete the following if inapplicable)* As of June 30, 2011, the single audit performed on these federal grants disclosed a material instance of noncompliance, as reported in the Schedule of Findings and Questioned Costs. Any disallowance by the grantor agency could result in a liability of the school district, but ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the school district's financial statements.

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

## Note 16 – Contingent Liabilities

[NOTE: This note refers to excessive interest revenue earned on debt proceeds above interest paid on the debt. The calculation would be made by a bond attorney or some other expert.]

During *[input]* of 2011, the district issued $_____ in [general obligation bonds] for [capital improvements].

The Internal Revenue Code (IRC) and Arbitrage Rebate Regulations issued by the Internal Revenue Service (IRS) require a rebate to the Federal Government of excess investment earnings on bond proceeds if the yield on those earnings exceeds the effective yield on the related tax-exempt bonds issued. Excess earnings must be rebated every five years, or upon maturity of the bonds, whichever is earlier.

[Option 1 - No calculation was made by the school district]
During the current year, the arbitrage calculation was not made.

[Option 2 - Calculation was made and the school district possibly may owe money to the IRS]
The arbitrage calculation resulted in $_____ of possible excess earnings, which has the potential of being rebated to the IRS. This amount is reported as a reserve for arbitrage commitments in the _____ Fund.

## Note 17 – Risk Management

[Option 1 - Use if the school district only has commercial insurance to cover claims]
The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

[Option 2 - Use if the school district belongs to a risk pool for coverage]
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

[NOTE: Select the option that applies.]

[Option 2a]
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 members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to $750,000. For a claim exceeding $750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. [The district has not had an additional assessment for excess losses incurred by the pool.]

Note: There has been only one assessment in the history of the pool, which was for a group of fund years from 10/01/1993 through 09/30/2004; if an additional assessment applied to the District on September 30, 2005 is still outstanding, replace the last sentence with the following paragraph:
On September 30, 2005, *[input]* School District was assessed an additional assessment of $_____. The balance of the additional assessment as of June 30, 2011 was $_____. This assessment is allowed to be repaid at a rate of 5% of their current premium per year until the total assessment is fully paid as long as they continue as members. If a member leaves the pool, they must repay the complete balance of the assessment within two years in equal installments.

[Option 2b]
The school district is a member of the Mississippi Municipal Workers' Compensation Group (MMWCG). The group is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. MMWCG 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 the MMWCG contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any claim up to $500,000. For a claim exceeding $500,000, MMWCG 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 pool members would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

## Note 18 – Uncertainties

In cases where a township is occupied by two or more school districts, state law requires that available sixteenth section funds shall be divided between the school districts lying wholly or partly within such townships in proportion to the number of children enrolled and residing in each school district. In order to determine what portions of available sixteenth section funds are due to or from other school districts, the superintendent of each school district is required to compile lists of such children in compliance with Section 29-3-121, Miss. Code Ann. (1972). Because none of the school districts which share townships with *[input]* School District nor the *[input]* School District itself filed lists of children as required, no division of sixteenth section revenues has been accrued as a receivable or payable, as the case may be.

Of the townships with which *[input]* School District is shared by other school districts, *[input]* School District has control of some of the sixteenth section property. A portion of the sixteenth section revenues (rents, leases, timber sales, etc.) to which *[input]* School District received on these sections may be due other school districts. In addition, for the other townships where another school district controls the sixteenth section property, *[input]* School District may be entitled to a portion of the sixteenth section revenues that the other school district received. Because none of the school districts compiled and filed lists of educable children as state law requires in either the current year or in preceding years, neither the amounts of any liabilities owed to other school districts nor the amounts of any receivables due from other school districts can be determined.

## Note 19 – Trust Certificates

A trust agreement dated *[date of agreement]*, was executed by and between the school district and *[input]*, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of $_____. Approximately $_____ was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project"); the remainder of approximately $_____ was used to pay the cost of issuance.

The project is leased to the school district in accordance with the provisions of the Emergency School Leasing Authority Act as described in Section 37-7-351, et seq., Miss. Code Ann. (1972). The lease represents a capital lease under which ownership of the project will transfer to the school district upon complete retirement of the trust certificates. The school district is obligated to make lease payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The lease rental payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates.

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the lease; therefore, the source of payment of the certificates is the responsibility of the school district. See Note __ for details regarding the debt service requirement on the trust certificates.

Using the guidance provided in Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* dealing with defining the reporting entity, the trust accounts created by this trust agreement were deemed to constitute an inseparable part of the school district. Therefore, the assets, liabilities, fund balances, revenues, expenditures and other financing sources/uses of the trust accounts created by this trust agreement are part of the school district's financial statements, thereby eliminating the effects of the lease agreement for financial reporting purposes.

## Note 20 – Qualified Zone Academy Bonds

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary school, in partnership with the business community. The school district, in agreement with *[insert partner],* has entered into such an arrangement dated *[date of arrangement]*. [NOTE: Describe the arrangement].

This agreement establishes a method of repayment for a qualified interest-free debt instrument. The agreement requires the school district to deposit funds annually into a sinking fund account on or before *[insert date(s) or time frame]*. The amount on deposit at June 30, 2011 was $_____. The amount accumulated in the sinking fund at the end of the ten-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

| Year Ending June 30 | Amount |
|---|---|
| 2012 | $ |
| 2013 | |
| 2014 | |
| 2015 | |
| 2016 | |
| Thereafter | |
| Total | $ - |

## Note 21 – Qualified School Construction Bonds

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

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

| Year Ending June 30 | | Amount |
|---|---|---|
| 2012 | $ | |
| 2013 | | |
| 2014 | | |
| 2015 | | |
| 2016 | | |
| 2017 – 2021 | | |
| 2022 – 2026 | | |
| Thereafter | | |
| Total | $ | - |

## Note 22 – Alternative School Consortium

The school district entered into an Alternative School Agreement dated *[date of agreement]* creating the *[Name of the consortium]*. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the *[input]* School District, *[input]* School District and *[input]* School District.

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

The *[input]* School District has been designated as the lead school district for the *[Name of the consortium]*, and the operations of the consortium are included in its financial statements.

[Option 1 - NOTE: Only where the school district is acting as the agent of record would the following financial information be included.]

The following Statement of Revenues, Expenditures and Changes in Fund Balances is presented to detail the financial activity of the *[Name of the consortium]*.

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

| | |
|---|---|
| **Revenues** | |
| Local sources: | |
| Tuition from other LEA's within the state: | |
| *[Input]* School District | $ |
| *[Input]* School District | |
| *[Input]* School District | |
| Total tuition from other LEA's within the state | - |
| Interest | |
| Total local sources | - |
| State sources | |
| Federal sources | |
| Total Revenues | - |
| **Expenditures** | |
| Salaries | |
| Employee benefits | |
| Purchased professional and technical services | |
| Other professional services | |
| Purchased property services | |
| Other purchased services | |
| Supplies | |
| Property | |
| Other | |
| Total Expenditures | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - |
| **Other Financing Sources/Uses:** | |
| *[List individual sources/uses]* | |
| Total Other Financing Sources/Uses | - |
| Net Change in Fund Balance | - |
| Fund Balance: | |
| July 1, 2010, as originally reported….use only if ppa exists | |
| Prior period adjustments | |
| July 1, 2010, as restated….use only if ppa exists | - |
| June 30, 2011 | $ - |

## Note 23 – Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated *[date of agreement]* creating the *[Name of the consortium]*. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the *[List all individual school districts, counties, municipalities and/or community/junior colleges]*.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the

construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

The *[input]* School District has been designated as the fiscal agent for the *[Name of the consortium]*, and the operations of the consortium are included in its financial statements.

[Option 1 - NOTE: Only when the school district is acting as the agent of record would the following information be reported.]

The following Statement of Revenues, Expenditures and Changes in Fund Balances is presented to detail the financial activity of the *[Name of the consortium]*.

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

| | |
|---|---|
| **Revenues** | |
| Local sources: | |
| Tuition from other LEA's within the state: | |
| *[Input]* School District | $ |
| *[Input]* School District | |
| *[Input]* School District | |
| Total tuition from other LEA's within the state | - |
| Interest | |
| Total local sources | - |
| State sources | |
| Federal sources | |
| Total Revenues | - |
| **Expenditures** | |
| Salaries | |
| Employee benefits | |
| Purchased professional and technical services | |
| Other professional services | |
| Purchased property services | |
| Other purchased services | |
| Supplies | |
| Property | |
| Other | |
| Total Expenditures | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - |
| **Other Financing Sources/Uses:** | |
| *[List individual sources/uses]* | |
| Total Other Financing Sources/Uses | - |
| Net Change in Fund Balance | - |
| Fund Balance: | |
| July 1, 2010, as originally reported....use only if ppa exists | |
| Prior period adjustments | |
| July 1, 2010, as restated....use only if ppa exists | - |
| June 30, 2011 | $ - |

## Note 24 - Insurance loss recoveries

The *[input]* School District received $_____ in insurance loss recoveries related to _____ damage during the 2010-2011 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as [charges for services] and allocated among the expense functions based on the following percentages:

| Insurance Loss Recoveries | Percentage | Expense Function |
|---|---|---|
| $ | #DIV/0! | Instruction |
| | #DIV/0! | Support services |
| | #DIV/0! | Non-instructional |
| $ - | #DIV/0! | |

## Note 25 – Extraordinary Items and/or Special Items

## Note 26 - Subsequent Events

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of the *[input]* School District evaluated the activity of the district through *[insert date]*, (the date the financial statements were available to be issued), and determined that the following subsequent event(s) has (have) occurred requiring disclosure in the notes to the financial statements:

*[Provide details of subsequent events.]*

**[SCHOOL DISTRICTS USING THIS MODEL FOR DISCLOSURES SHOULD ADD ANY ADDITIONAL DISCLOSURES THAT ARE DEEMED NECESSARY. THE ABOVE SHOULD ONLY BE USED AS A GUIDE.]**

REQUIRED SUPPLEMENTAL INFORMATION

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**SCHOOL DISTRICT**

**Required Supplemental Information**

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

| | Budgeted Amounts | | Actual | Variances Positive (Negative) | |
|---|---|---|---|---|---|
| | Original | Final | (GAAP Basis) | Original to Final | Final to Actual |
| **Revenues:** | | | | | |
| Local sources | $ | $ | $ | $ 0 | $ 0 |
| Intermediate sources | | | | 0 | 0 |
| State sources | | | | 0 | 0 |
| Federal sources | | | | 0 | 0 |
| Sixteenth section sources | | | | 0 | 0 |
| Total Revenues | 0 | 0 | 0 | 0 | 0 |
| **Expenditures:** | | | | | |
| Instruction | | | | 0 | 0 |
| Support services | | | | 0 | 0 |
| Noninstructional services | | | | 0 | 0 |
| Sixteenth section | | | | 0 | 0 |
| Facilities acquisition and construction | | | | 0 | 0 |
| Debt service: | | | | | |
| Principal | | | | 0 | 0 |
| Interest | | | | 0 | 0 |
| Advance refunding escrow | | | | 0 | 0 |
| Other | | | | 0 | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over (under) Expenditures | 0 | 0 | 0 | 0 | 0 |
| **Other Financing Sources (Uses):** | | | | | |
| Bonds and notes issued | | | | 0 | 0 |
| Capital leases issued | | | | 0 | 0 |
| Insurance recovery | | | | 0 | 0 |
| Refunding bonds issued | | | | 0 | 0 |
| Payment to escrow agent | | | | 0 | 0 |
| Premiums on bonds and refunding bonds issued | | | | 0 | 0 |
| Payment to refunded bond escrow agent | | | | 0 | 0 |
| Payment to Qualified Zone Academy debt escrow agent | | | | 0 | 0 |
| Sale of transportation equipment | | | | 0 | 0 |
| Sale of other property | | | | 0 | 0 |
| Operating transfers in | | | | 0 | 0 |
| Other financing sources | | | | 0 | 0 |
| Operating transfers out | | | | 0 | 0 |
| Other financing uses | | | | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 | 0 |
| Special items, *if applicable* | | | | 0 | 0 |
| Extraordinary items, *if applicable* | | | | 0 | 0 |
| Net Change in Fund Balances | 0 | 0 | 0 | 0 | 0 |
| Fund Balances: | | | | | |
| July 1, 2010, as originally reported * | | | | 0 | 0 |
| Prior period adjustments | | | | 0 | 0 |
| July 1, 2010, as restated * | 0 | 0 | 0 | 0 | 0 |
| Increase (Decrease) in reserve for inventory | | | | 0 | 0 |
| June 30, 2011 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |

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

* Use "as originally reported" and "as restated" only if prior period adjustment exists.

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and 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 *(if applicable)* consistent with accounting principles generally accepted in the United States of America.

SUPPLEMENTAL INFORMATION

**SCHOOL DISTRICT**

**Supplemental Information**

**Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2011**

| Federal Grantor/ Pass-through Grantor/ Program Title | Catalog of Federal Domestic Assistance No. | Federal Expenditures |
|---|---|---|
| **U.S. Department of Agriculture** | | |
| Passed-through Mississippi Department of Education: | | |
| Child nutrition cluster: | | |
| School breakfast program | 10.553 | $ |
| National school lunch program | 10.555 | |
| Special milk program for children | 10.556 | |
| Summer food service program for children | 10.559 | |
| Total child nutrition cluster | | 0 |
| Total passed-through Mississippi Department of Education | | 0 |
| **Total U.S. Department of Agriculture** | | 0 |
| **U.S. Department of Defense** | | |
| Direct Program: | | |
| Reserve Officers' Training Corps | 12.xxx | |
| **Total U.S. Department of Defense** | | 0 |
| **Federal Communications Commission** | | |
| Administered through the Universal Service Administrative Company: | | |
| The schools and libraries program of the universal service fund | 32.xxx | |
| **Total Federal Communications Commission** | | 0 |
| **U.S. Department of Education** | | |
| Passed-through Mississippi Department of Education: | | |
| Career and technical education - basic grants to states | 84.048 | |
| Safe and drug-free schools and communities- national programs | 84.184 | |
| Safe and drug-free schools and communities- state grants | 84.186 | |
| Twenty-first century community learning centers | 84.287 | |
| Education technology state grants | 84.318 | |
| Gaining early awareness and readiness in undergraduate programs | 84.334 | |
| Reading first state grants | 84.357 | |
| Rural education | 84.358 | |
| English language acquisition grants | 84.365 | |
| Subtotal | | 0 |
| Title I cluster: | | |
| Title I grants to local educational agencies | 84.010 | |
| ARRA - Title I grants to local educational agencies, Recovery Act | 84.389 | |
| Total Title I cluster | | 0 |
| Special education cluster: | | |
| Special education - grants to states | 84.027 | |
| Special education - preschool grants | 84.173 | |
| ARRA - Special education grants to states, Recovery Act | 84.391 | |
| ARRA - Special education - preschool grants, Recovery Act | 84.392 | |
| Total special education cluster | | 0 |
| State Fiscal Stabilization Fund cluster: | | |
| ARRA - State Fiscal Stabilization Fund - Education state grants, Recovery Act | 84.394 | |
| ARRA - State Fiscal Stabilization Fund - Government services, Recovery Act | 84.397 | |
| Total State Fiscal Stabilization Fund cluster | | 0 |
| Education for homeless children and youth cluster: | | |
| Education for homeless children and youth | 84.196 | |
| ARRA - Education for homeless children and youth, Recovery Act | 84.387 | |
| Total Education for homeless children and youth cluster | | 0 |
| Total passed-through Mississippi Department of Education | | 0 |
| **Total U.S. Department of Education** | | 0 |

**SCHOOL DISTRICT**

**Supplemental Information**

**Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2011**

| Federal Grantor/ Pass-through Grantor/ Program Title | Catalog of Federal Domestic Assistance No. | Federal Expenditures |
|---|---|---|
| **U.S. Department of Health and Human Services** | | |
| Passed-through Mississippi Department of Health and Human Services: | | |
| Abstinence education program | 93.235 | |
| Temporary assistance for needy families | 93.558 | |
| Child care and development block grant | 93.575 | |
| Medical assistance program | 93.778 | |
| Total passed-through Mississippi Department of Health and Human Services | | 0 |
| Passed-through the Mississippi Department of Education: | | |
| Medical assistance program | 93.778 | |
| Cooperative agreements to support comprehensive school health programs to prevent the spread of HIV and other important health problems | 93.938 | |
| Total passed-through Mississippi Department of Education | | 0 |
| **Total U.S. Department of Health and Human Services** | | 0 |
| **U.S. Department of Homeland Security** | | |
| Community disaster loans | 97.030 | |
| Passed-through Mississippi Emergency Management Agency: | | |
| Disaster Grants - Public Assistance (Presidentially declared disasters) | 97.036 | |
| Total passed-through Mississippi Emergency Management Agency | | 0 |
| **Total Department of Homeland Security** | | 0 |
| **Corporation for National and Community Service** | | |
| Passed-through the Mississippi Department of Education: | | |
| Learn and serve America - school and community based programs | 94.004 | |
| Planning and program development grants | 94.007 | |
| Total passed-through Mississippi Department of Education | | 0 |
| **Total Corporation for National and Community Service** | | 0 |
| Total for All Federal Awards | | $ 0 |

NOTES TO SCHEDULE

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

**SCHOOL DISTRICT**

**Supplemental Information**

**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 | $ 0 | | | | |
| Other | 0 | | | | |
| Total | $ 0 | 0 | 0 | 0 | 0 |
| Total number of students * | 1,000 | | | | |
| Cost per student | $ 0 | 0 | 0 | 0 | 0 |

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 and Support Services - Business.

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

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

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

OTHER INFORMATION

**SCHOOL DISTRICT**

**Other Information**

**Statement of Revenues, Expenditures and Changes in Fund Balances**
**General Fund**
**Last Four Years**
**UNAUDITED**

| | 2011 | 2010* | 2009* | 2008* |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Local sources | $ | $ | $ | $ |
| Intermediate sources | | | | |
| State sources | | | | |
| Federal sources | | | | |
| Sixteenth section sources | | | | |
| Total Revenues | 0 | 0 | 0 | 0 |
| **Expenditures:** | | | | |
| Instruction | | | | |
| Support services | | | | |
| Noninstructional services | | | | |
| Sixteenth section | | | | |
| Facilities acquisition and construction | | | | |
| Debt service: | | | | |
| Principal | | | | |
| Interest | | | | |
| Advance refunding escrow | | | | |
| Other | | | | |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over (under) Expenditures | 0 | 0 | 0 | 0 |
| **Other Financing Sources (Uses):** | | | | |
| Bonds and notes issued | | | | |
| Capital leases issued | | | | |
| Insurance recovery | | | | |
| Refunding bonds issued | | | | |
| Payment to escrow agent | | | | |
| Premiums on bonds and refunding bonds issued | | | | |
| Payment to refunded bond escrow agent | | | | |
| Payment to Qualified Zone Academy debt escrow agent | | | | |
| Sale of transportation equipment | | | | |
| Sale of other property | | | | |
| Operating transfers in | | | | |
| Other financing sources | | | | |
| Operating transfers out | | | | |
| Other financing uses | | | | |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Special items, *if applicable* | | | | |
| Extraordinary items, *if applicable* | | | | |
| Net Change in Fund Balances | 0 | 0 | 0 | 0 |
| Fund Balances: | | | | |
| Beginning of period, as originally reported ** | | | | |
| Prior period adjustments | | | | |
| Beginning of period, as restated ** | 0 | 0 | 0 | 0 |
| Increase (Decrease) in reserve for inventory | | | | |
| End of Period | $ 0 | $ 0 | $ 0 | $ 0 |

*SOURCE - PRIOR YEAR AUDIT REPORTS

** Use "as originally reported" and "as restated" only if prior period adjustment exists.

**SCHOOL DISTRICT**

**Other Information**

**Statement of Revenues, Expenditures and Changes in Fund Balances**
**All Governmental Funds**
**Last Four Years**
**UNAUDITED**

| | 2011 | 2010* | 2009* | 2008* |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Local sources | $ | $ | $ | $ |
| Intermediate sources | | | | |
| State sources | | | | |
| Federal sources | | | | |
| Sixteenth section sources | | | | |
| Total Revenues | 0 | 0 | 0 | 0 |
| **Expenditures:** | | | | |
| Instruction | | | | |
| Support services | | | | |
| Noninstructional services | | | | |
| Sixteenth section | | | | |
| Facilities acquisition and construction | | | | |
| Debt service: | | | | |
| Principal | | | | |
| Interest | | | | |
| Advance refunding escrow | | | | |
| Other | | | | |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over (under) Expenditures | 0 | 0 | 0 | 0 |
| **Other Financing Sources (Uses):** | | | | |
| Bonds and notes issued | | | | |
| Capital leases issued | | | | |
| Insurance recovery | | | | |
| Refunding bonds issued | | | | |
| Payment to escrow agent | | | | |
| Premiums on bonds and refunding bonds issued | | | | |
| Payment to refunded bond escrow agent | | | | |
| Payment to Qualified Zone Academy debt escrow agent | | | | |
| Sale of transportation equipment | | | | |
| Sale of other property | | | | |
| Operating transfers in | | | | |
| Other financing sources | | | | |
| Operating transfers out | | | | |
| Other financing uses | | | | |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Special items, *if applicable* | | | | |
| Extraordinary items, *if applicable* | | | | |
| Net Change in Fund Balances | 0 | 0 | 0 | 0 |
| Fund Balances: | | | | |
| Beginning of period, as originally reported ** | | | | |
| Prior period adjustments | | | | |
| Beginning of period, as restated ** | 0 | 0 | 0 | 0 |
| Increase (Decrease) in reserve for inventory | | | | |
| End of Period | $ 0 | $ 0 | $ 0 | $ 0 |

*SOURCE - PRIOR YEAR AUDIT REPORTS

** Use "as originally reported" and "as restated" only if prior period adjustment exists.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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See the AICPA's Illustrative Auditor's Reports at:

http://www.aicpa.org/InterestAreas/GovernmentalAuditQuality/Resources/IllustrativeAuditorsReports/Pages/default.aspx

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

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

Superintendent and School Board
*[Input]* School District

&&&

[Option 1] Use the following language if the district materially complied with Section 37-61-33(3)(a)(iii).

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 $_____ of classroom supply funds carried over from previous years.

&&&

[Option 2] Use the following language if 1 immaterial finding relative to other state laws and regulations.

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

*[Insert immaterial finding, recommendation and response]*

&&&

&&&

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(This page left blank intentionally)

*[INPUT]* 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:

2. Internal control over financial reporting:
   a. Material weakness(es) identified? (Yes/No)
   b. Significant deficiency(ies) identified? (Yes/None reported)

3. Noncompliance material to financial statements noted? (Yes/No)

Federal Awards:

4. Internal control over major programs:
   a. Material weakness(es) identified? (Yes/No)
   b. Significant deficiency(ies) identified? (Yes/None reported)

5. Type of auditor's report issued on compliance for major programs:

6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? (Yes/No)

7. Identification of major programs:

| CFDA Numbers | Name of Federal Program or Cluster |
|---|---|

8. Dollar threshold used to distinguish between type A and type B programs: $

9. Auditee qualified as low-risk auditee? (yes/no)

Section II: Financial Statement Findings

[Option 1] (Insert if no findings reported in Section II)

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

[Option 2] (Insert findings reported in Section II)

*This section should identify the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit.*

*Audit findings that relate to both the financial statements and federal awards should be reported in both Section II and Section III. However, the reporting in one section may be in summary form with a reference to a detailed reporting in the other section of the schedule. For example, a material weakness in internal control that affects an entity as a whole, including its federal awards, generally would be reported in detail in Section II. Section III would then include a summary identification of the finding and a reference back to the specific finding in Section II.*

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AUDITEE'S CORRECTIVE ACTION PLAN

AND / OR

SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS

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