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**LUMBERTON PUBLIC SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010**



# LUMBERTON PUBLIC SCHOOL DISTRICT

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

December 22, 2010

Superintendent and School Board  
Lumberton Public School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lumberton Public School District as of and for the year ended June 30, 2010, which collectively comprise the Lumberton Public School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lumberton Public School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Lumberton Public School District as of June 30, 2010, 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 December 22, 2010, on our consideration of the Lumberton Public School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Independent Auditor's Report  
Page 2

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

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

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

*King CPA, PLLC*

**KING CPA, PLLC**  
Petal, Mississippi  
December 22, 2010



**LUMBERTON PUBLIC SCHOOL DISTRICT**

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



**LUMBERTON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

The discussion and analysis of Lumberton Public School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this District's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the District's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

**FINANCIAL HIGHLIGHTS**

- Total net assets for 2010 increased \$296,467, including a prior period adjustment of \$14,127, which represents a 3% increase from fiscal year 2009.
- General revenues amounted to \$5,506,616 and \$6,124,340, or 75% and 79% of all revenues for fiscal years 2010 and 2009, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,790,479, or 25% of total revenues for 2010, and \$1,627,977, or 21% of total revenues for 2009.
- The District had \$7,014,755 and \$7,278,430 in expenses for fiscal years 2010 and 2009; only \$1,790,479 for 2010 and \$1,627,977 for 2009 of these expenses was offset by program specific charges for services and grants and contributions. General revenues of \$5,506,616 for 2010 and \$6,124,340 for 2009 were adequate to provide for these programs.
- Among major funds, the General Fund had \$4,903,767 in revenues and \$4,842,440 in expenditures for 2010, and \$5,628,562 in revenues and \$5,723,468 in expenditures in 2009. The General Fund's fund balance decreased by \$14,131 from 2009 to 2010, and increased by \$223,135 from 2008 to 2009.
- Capital assets, net of accumulated depreciation, increased by \$72,397 for 2010 and increased by \$124,050 for 2009. The increase for 2010 was due primarily to the completed construction of the new maintenance building and football field house.
- Long-term debt decreased by \$125,227 for 2010 and decreased by \$113,076 for 2009. The decrease for 2010 was due primarily to the principal payments on outstanding long-term debt. In addition, the liability for compensated absences decreased slightly from 2009.



**LUMBERTON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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



**LUMBERTON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. The governmental fund's balance sheet is reconciled to the statement of net assets, and the governmental fund's statement of revenues, expenditures, and changes in fund balances is reconciled to the statement of activities to facilitate this comparison between governmental funds and governmental activities.

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts*. Information is presented separately in the governmental fund's balance sheet and in the governmental fund's statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined and presented in these reports as other governmental funds.

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

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

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

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

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



**LUMBERTON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

Also, included in the other supplemental information section are the Statement of Revenues, Expenditures and Changes in Fund Balances, General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Funds, Last Four Years. This information is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net assets.** Net assets may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by \$10,892,793 as of June 30, 2010.

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

Table 1 presents a summary of the District's net assets at June 30, 2010 and June 30, 2009.

**Table 1  
Condensed Statement of Net Assets**

	June 30, 2010	June 30, 2009	Percentage Change
Current assets	\$ 6,962,934	\$ 7,026,524	(0.90) %
Restricted assets	1,038,162	974,033	6.58 %
Capital assets, net	4,772,474	4,700,077	1.54 %
<b>Total assets</b>	<b>12,773,570</b>	<b>12,700,634</b>	<b>0.57 %</b>
Current liabilities	59,759	158,063	(62.19) %
Long-term debt outstanding	1,821,018	1,946,245	(6.43) %
<b>Total liabilities</b>	<b>1,880,777</b>	<b>2,104,308</b>	<b>(10.62) %</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	2,992,474	2,795,077	7.06 %
Restricted	3,286,283	3,189,919	3.02 %
Unrestricted	4,614,036	4,611,330	0.06 %
<b>Total net assets</b>	<b>\$ 10,892,793</b>	<b>\$ 10,596,326</b>	<b>2.80 %</b>

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

- Increase in net capital assets in the amount of \$72,397.
- The principal retirement of \$125,000 of long-term debt.

**Changes in net assets.** The District's total revenues for the fiscal years ended June 30, 2010 and June 30, 2009 were \$7,297,095 and \$7,752,317, respectively. The total cost of all programs and



**LUMBERTON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

services was \$7,014,755 for 2010 and \$7,278,430 for 2009. Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2010 and June 30, 2009.

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

	Year Ended June 30, 2010	Year Ended June 30, 2009	Percentage Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 109,588	\$ 210,558	(47.95) %
Operating grants and contributions	1,680,891	1,417,419	18.59 %
General revenues:			
Property taxes	1,368,296	1,243,424	10.04 %
Grants and contributions not restricted	3,850,890	4,422,768	(12.93) %
Investment earnings	136,045	138,313	(1.64) %
Sixteenth section sources	135,478	79,933	69.49 %
Other	15,907	239,902	(93.37) %
Total revenues	<u>7,297,095</u>	<u>7,752,317</u>	(5.87) %
<b>Expenses:</b>			
Instruction	4,115,557	4,191,029	(1.80) %
Support services	2,261,028	2,448,158	(7.64) %
Non-instructional	537,621	540,803	(0.59) %
Sixteenth section	17,355	10,006	73.45 %
Interest and other expense on long-term liabilities	83,194	88,434	(5.93) %
Total expenses	<u>7,014,755</u>	<u>7,278,430</u>	(3.62) %
Increase (Decrease) in net assets	<u>282,340</u>	<u>473,887</u>	(40.42) %
Net Assets, July 1	10,596,326	10,115,133	4.76 %
Prior Period Adjustment(s)	14,127	7,306	93.36 %
Net Assets Restated, July 1	<u>10,610,453</u>	<u>10,122,439</u>	4.82 %
Net Assets, June 30	<u>\$ 10,892,793</u>	<u>\$ 10,596,326</u>	2.80 %

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



**LUMBERTON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Table 3  
Net Cost of Governmental Activities**

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2010</b>	<b>2009</b>	
Instruction	\$ 4,115,557	\$ 4,191,029	(1.80) %
Support services	2,261,028	2,448,158	(7.64) %
Non-instructional	537,621	540,803	(0.59) %
Sixteenth section	17,355	10,006	73.45 %
Interest on long-term liabilities	83,194	88,434	(5.93) %
<b>Total expenses</b>	<b>\$ 7,014,755</b>	<b>\$ 7,278,430</b>	<b>(3.62) %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2010</b>	<b>2009</b>	
Instruction	\$ (3,196,343)	\$ (3,471,042)	7.91 %
Support services	(1,902,266)	(2,062,738)	7.78 %
Non-instructional	(25,118)	(18,233)	(37.76) %
Sixteenth section	(17,355)	(10,006)	(73.45) %
Interest on long-term liabilities	(83,194)	(88,434)	5.93 %
<b>Total net (expense) revenue</b>	<b>\$ (5,224,276)</b>	<b>\$ (5,650,453)</b>	<b>7.54 %</b>

- Net cost of governmental activities in the amount of \$5,224,276 for 2010 and \$5,650,453 for 2009 was financed by general revenue, which is made up of primarily property taxes of \$1,368,296 for 2010 and \$1,243,424 for 2009 and state and federal revenues of \$3,850,890 for 2010 and \$4,422,768 for 2009. In addition, there was \$135,478 and \$79,933 in Sixteenth Section sources for 2010 and 2009, respectively.
- Investment earnings amounted to \$136,045 for 2010 and \$138,313 for 2009.

### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$7,966,926, an increase of \$96,974, which is net of a decrease in reserve for inventory of \$286. This increase in fund balance is due primarily to sixteenth section sources generated during the



**LUMBERTON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

fiscal year primarily from oil and gas royalties, sixteenth section leases, pro rata revenue from other school districts and earnings on investments. \$6,700,720, or 84%, of the fund balance represents unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of \$1,266,206, or 16%, is reserved or designated to indicate that it is not available for spending because it has already been committed. This portion of the fund balance is reserved for inventory, debt service, unemployment benefits, forestry improvement purposes and permanent fund purposes.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$14,131. The fund balance of Other Governmental Funds showed an increase in the amount of \$5,346. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Child Nutrition Fund	\$ (66,825)
Title I Fund	no increase or decrease
IDEA Part B Fund	\$ (581)
21 <sup>st</sup> Century Grant Fund	\$ 68
Sixteenth Section Interest Fund	\$ 110,036
Sixteenth Section Principal Fund	\$ 63,061

### **BUDGETARY HIGHLIGHTS**

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

- Budgeted amounts for revenue from state sources in the General Fund were decreased during the fiscal year to reflect a decrease in Mississippi Adequate Education Program (MAEP) funds resulting from budget cuts.
- Budgeted amounts for instruction and support services expenditures in the General Fund were decreased during the fiscal year. This decrease is primarily a result of the reclassification of expenditures normally incurred in the General Fund to the Budget Stabilization Fund (special revenue fund) and federal funds were received to cover those expenditures.
- The original budget was amended to reflect facilities acquisition and construction expenditures incurred in the General Fund for the completion of the new maintenance building and football field house.



**LUMBERTON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2010, the District's total capital assets were \$7,331,085, including land, school buildings and other improvements, buses, other school vehicles and furniture and equipment. This amount represents a gross increase of \$268,572 from 2009 due primarily to the completion of the new maintenance building and football field house and the purchase of various items of mobile equipment and furniture and equipment. Total accumulated depreciation as of June 30, 2010, was \$2,558,611, and total depreciation expense for the year was \$215,010, resulting in total net capital assets of \$4,772,474.

**Table 4  
Capital Assets**

	June 30, 2010	June 30, 2009	Percentage Change
Land	\$ 53,382	\$ 53,382	0.00 %
Construction in Progress	-	222,275	(100.00) %
Buildings	3,459,224	3,132,984	10.41 %
Improvements other than buildings	882,568	930,259	(5.13) %
Mobile equipment	158,747	176,284	(9.95) %
Furniture and equipment	218,553	184,893	18.21 %
<b>Total</b>	<b>\$ 4,772,474</b>	<b>\$ 4,700,077</b>	<b>1.54 %</b>

**Debt Administration.** At June 30, 2010, the District had \$1,821,018 in outstanding long-term debt, of which \$137,051 is due within one year. During the fiscal year, the District made principal payments in the amount of \$125,000 on existing long-term debt. The liability for compensated absences also decreased from the prior year.

**Table 5  
Outstanding Long-Term Debt**

	June 30, 2010	June 30, 2009	Percentage Change
Limited obligation bonds payable	\$ 1,000,000	\$ 1,085,000	(7.83) %
Three mill notes payable	780,000	820,000	(4.88) %
Compensated absences payable	41,018	41,245	(0.55) %
<b>Total</b>	<b>\$ 1,821,018</b>	<b>\$ 1,946,245</b>	<b>(6.43) %</b>



**LUMBERTON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**CURRENT ISSUES**

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

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

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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



**LUMBERTON PUBLIC SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS**



LUMBERTON PUBLIC SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

EXHIBIT A

<b>ASSETS</b>		
Cash and cash equivalents	\$	6,438,332
Due from other governments		431,593
Other receivables, net		75,232
Inventories		17,777
Restricted assets		1,038,162
Capital assets, not being depreciated		
Land		53,382
Capital assets, net of accumulated depreciation		
Buildings		3,459,224
Improvements other than buildings		882,568
Mobile equipment		158,747
Furniture and equipment		218,553
Total Assets	\$	<u>12,773,570</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$	34,170
Interest payable on long-term liabilities		25,589
Long-term liabilities (due within one year)		
Capital-related liabilities		135,000
Non-capital related liabilities		2,051
Long-term liabilities (due beyond one year)		
Capital-related liabilities		1,645,000
Non-capital related liabilities		38,967
Total Liabilities		<u>1,880,777</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt		2,992,474
Restricted net assets		
Expendable:		
School-based activities		2,063,443
Debt service		192,106
Forestry improvements		103,873
Unemployment benefits		17,511
Non-expendable:		
Sixteenth section		909,350
Unrestricted		4,614,036
Total Net Assets	\$	<u>10,892,793</u>

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



LUMBERTON PUBLIC SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT B

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		Total
Governmental Activities:					
Instruction	\$ 4,115,557	\$ 44,451	\$ 874,763	\$ -	\$ (3,196,343)
Support services	2,261,028	-	358,762	-	(1,902,266)
Non-instructional services	537,621	65,137	447,366	-	(25,118)
Sixteenth section	17,355	-	-	-	(17,355)
Interest and other charges related to long-term liabilities	83,194	-	-	-	(83,194)
Total Governmental Activities	<u>\$ 7,014,755</u>	<u>\$ 109,588</u>	<u>\$ 1,680,891</u>	<u>\$ -</u>	<u>(5,224,276)</u>
General Revenues:					
Taxes:					
Property taxes - General purpose					1,290,928
Property taxes - Debt purpose					77,368
Unrestricted grants and contributions:					
State					3,522,780
Federal					328,110
Unrestricted investment earnings					136,045
Sixteenth section sources					135,478
Other					15,907
Total General Revenues					<u>5,506,616</u>
Change in Net Assets					<u>282,340</u>
Net Assets - Beginning, as originally reported					10,596,326
Prior Period Adjustment					14,127
Net Assets - Beginning - Restated					<u>10,610,453</u>
Net Assets - Ending					<u>\$ 10,892,793</u>

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



LUMBERTON PUBLIC SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2010

EXHIBIT C

	Major Funds							Other Governmental Funds	Total Governmental Funds
	General Fund	Child Nutrition Fund	Title I Fund	IDEA Part B Fund	21st Century Grant Fund	Sixteenth Section Interest Fund	Sixteenth Section Principal Fund		
ASSETS									
Cash and cash equivalents	\$ 4,233,816	\$ 108,355	\$ 65	\$ 16,814	\$ 1,933	\$ 1,579,692	\$ 982,603	\$ 497,657	\$ 7,420,940
Investments	-	-	-	-	-	-	-	55,554	55,554
Due from other governments	90,302	30,521	67,751	65,647	56,107	320	-	116,139	426,687
Other receivables, net	-	-	-	-	-	65,028	4,796	5,408	75,232
Due from other funds	267,127	-	-	-	-	-	-	-	267,127
Inventories	-	17,777	-	-	-	-	-	-	17,777
Total Assets	\$ 4,591,145	\$ 156,653	\$ 67,816	\$ 82,461	\$ 58,040	\$ 1,645,040	\$ 987,404	\$ 674,758	\$ 8,263,317
LIABILITIES & FUND BALANCES									
Liabilities									
Accounts payable and accrued liabilities	\$ 14,145	\$ 27	\$ 65	\$ 16,814	\$ 1,933	\$ -	\$ -	\$ 1,186	\$ 34,170
Due to other funds	-	30,145	67,751	65,647	56,039	-	-	42,639	262,221
Total Liabilities	14,145	30,172	67,816	82,461	57,972	-	-	43,825	296,391
Fund balances:									
Reserved for:									
Inventory	-	17,777	-	-	-	-	-	-	17,777
Debt service	-	-	-	-	-	-	-	217,695	217,695
Unemployment benefits	-	-	-	-	-	-	-	17,511	17,511
Forestry improvement purposes	-	-	-	-	-	-	-	103,873	103,873
Permanent fund purposes	-	-	-	-	-	-	909,350	-	909,350
Unreserved, undesignated, reported in:									
General fund	4,577,000	-	-	-	-	-	-	-	4,577,000
Special revenue funds	-	108,704	-	-	68	1,645,040	-	291,854	2,045,666
Permanent funds	-	-	-	-	-	-	78,054	-	78,054
Total Fund Balances	4,577,000	126,481	-	-	68	1,645,040	987,404	630,933	7,966,926
Total Liabilities & Fund Balances	\$ 4,591,145	\$ 156,653	\$ 67,816	\$ 82,461	\$ 58,040	\$ 1,645,040	\$ 987,404	\$ 674,758	\$ 8,263,317

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



**LUMBERTON PUBLIC SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

**EXHIBIT C-1**

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 7,966,926
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$2,558,611.	4,772,474
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,821,018)
3. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Net Assets recognizes interest as it accrues.	(25,589)
Total Net Assets - Governmental Activities	<u>\$ 10,892,793</u>

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



LUMBERTON PUBLIC SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT D

	Major Funds						Other Governmental Funds	Total Governmental Funds
	General Fund	Child Nutrition Fund	Title I Fund	IDEA Part B Fund	21st Century Grant Fund	Sixteenth Section Interest Fund	Sixteenth Section Principal Fund	
<b>REVENUES</b>								
Local sources	\$ 1,430,087	\$ 69,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,584,107
State sources	3,418,546	-	-	-	-	-	-	3,672,549
Federal sources	55,134	440,475	539,211	238,447	137,102	-	-	1,859,333
Sixteenth section sources	-	-	-	-	-	110,734	63,061	181,206
Total Revenues	4,903,767	510,089	539,211	238,447	137,102	110,734	63,061	7,297,096
<b>EXPENDITURES</b>								
Instruction	2,811,036	-	378,659	157,592	106,309	-	-	\$,989,440
Support services	1,836,736	-	158,717	81,436	24,015	-	-	2,204,742
Non-instructional services	147	577,233	5,835	-	653	-	-	584,319
Sixteenth section	-	-	-	-	-	690	-	17,355
Facilities acquisition and construction	194,521	-	-	-	-	-	-	194,521
Debt Service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	125,000
Interest	-	-	-	-	-	-	-	84,478
Other	-	-	-	-	-	-	-	885
Total Expenditures	4,842,440	577,233	539,211	239,028	131,177	690	-	7,200,440
Excess (Deficiency) of Revenues over (under) Expenditures	61,327	(67,144)	-	(581)	5,925	110,036	63,061	96,655
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of other property	-	605	-	-	-	-	-	605
Operating transfers in	5,857	-	-	-	-	-	-	81,315
Operating transfers out	(81,315)	-	-	-	(5,857)	-	-	(87,172)
Total Other Financing Sources (Uses)	(75,458)	605	-	-	(5,857)	-	-	805
Net change in fund balances	(14,131)	(66,539)	-	(581)	66	110,036	63,061	97,260
<b>Fund Balances</b>								
July 1, 2009	4,591,131	193,306	-	581	-	1,535,004	924,343	7,869,952
Increase (Decrease) in reserve for inventory	-	(283)	-	-	-	-	-	(286)
June 30, 2010	\$ 4,577,000	\$ 126,481	\$ -	\$ -	\$ 66	\$ 1,645,040	\$ 987,404	\$ 7,966,926

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



**LUMBERTON PUBLIC SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**EXHIBIT D-1**

	Amount
Net Change in Fund Balances - Governmental Funds	\$ 97,260
Amounts reported for governmental activities in the Statement of Activities are different because	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$282,027 and the depreciation expense amounted to \$215,010.	67,017
2. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment has no effect on net assets.	125,000
3. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.	1,869
4. Gains and losses on the sale or disposal of assets are not reported in the governmental funds, but are reported in the Statement of Activities, net of proceeds.	(8,747)
5. Increase (decrease) in the inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are decreased (increased) in the Statement of Activities.	(286)
6. Expenses in the Statement of Activities not normally paid with expendable available financial resources are not reported as expenditures in the governmental funds.	
Compensated absences	227
Change in Net Assets of Governmental Activities	<u>\$ 282,340</u>

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



LUMBERTON PUBLIC SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2010

EXHIBIT E

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 346,778
Total Assets	<u>\$ 346,778</u>
 <b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 341,872
Due to other funds	<u>4,906</u>
Total Liabilities	<u>\$ 346,778</u>

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



LUMBERTON PUBLIC SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS



**LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

(1) Summary of Significant Accounting Policies.

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

A. Financial Reporting Entity.

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

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

B. Basis of Presentation.

Government-wide Financial Statements:

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

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

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

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



**LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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

*Fund Financial Statements:*

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

The school district reports the following major governmental funds:

General Fund – This is the school district's primary operating fund. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support, and other costs.

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

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

IDEA Part B Fund – This is a special revenue fund that accounts for federal sourced received and expenditures incurred under the IDEA Part B program.

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

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

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

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

The District's fiduciary funds include the following:

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

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

Additionally, the school district reports the following fund types:



**LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**GOVERNMENTAL FUNDS**

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

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

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

**FIDUCIARY FUNDS**

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

**C. Measurement Focus and Basis of Accounting.**

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

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

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

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



**LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

Ad valorem property taxes are levied by the governing authority of the counties on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since Lumberton School District boundaries contain property in both Lamar County and Pearl River County, both counties levy taxes on behalf of the school district. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

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

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

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

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

**D. Account Classifications.**

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

**E. Encumbrances.**

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

**F. Assets, Liabilities, and net assets or equity**

**1. Cash, Cash equivalents and Investments**

**Cash and cash equivalents**

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

**Investments.**

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



**LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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

Investments for the district are reported at fair market value.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

3. Due from Other Governments

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

4. Inventories and Prepaid Items.

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable debt statutes. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this account.

6. Capital Assets.

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

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.



**LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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

The following schedule details those thresholds.

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

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

7. **Compensated Absences.**

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

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

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

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

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

9. **Fund equity.**

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

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



**LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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

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

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

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

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

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

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

(2) Cash and Cash Equivalents and Investments.

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest surplus funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government or enumerated agency of the United States; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or interest in, and open-end or closed-end any management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those



**LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

funds. Investment income of \$100 or more of any fund must be credited to that fund. Amounts less than \$100 can be credited to the General Fund.

**Cash and Cash Equivalents.**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$7,420,940 and \$346,778, respectively. The bank balance was \$7,976,153.

*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, 2010, none of the district's bank balance of \$7,976,153 was exposed to custodial credit risk.

**Investments.**

As of June 30, 2010, the district had the following investments.

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
Hancock Horizon Treasury Securities Money Market Mutual Fund	AAA	Less than 1 year	\$ <u>55,554</u>
Total			\$ <u>55,554</u>

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

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

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



**LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Child Nutrition	\$ 30,145
	Title I Fund	67,751
	IDEA Part B Fund	65,647
	21st Century Grant Fund	56,039
	Fiduciary Funds	4,906
	Other Governmental Funds	<u>42,639</u>
Total		<u>\$ 267,127</u>

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

B. Inter-fund Transfers:

Transfer Out	Transfer In	Amount
General Fund	Other Governmental Funds	\$ 81,315
21st Century Grant Fund	General Fund	<u>5,857</u>
Total		<u>\$ 87,172</u>

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

(4) Restricted Assets.

The restricted assets represent the cash balance totaling \$982,608 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the investment balance, totaling \$55,554, of the MAEP Limited Obligation Bond Retirement Fund.



**LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

(5) Capital Assets.

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

	Balance 7/1/2009	Additions	Retirements	Completed Construction	Adjustment	Balance 6/30/2010
<b><u>Non-depreciable capital assets:</u></b>						
Land	\$ 53,382	\$ -	\$ -	\$ -	\$ -	\$ 53,382
Construction in progress	222,275	194,521	-	(416,796)	-	-
Total non-depreciable capital assets	\$ 275,657	\$ 194,521	\$ -	\$ (416,796)	\$ -	\$ 53,382
<b><u>Depreciable capital assets:</u></b>						
Buildings	\$ 4,503,939	\$ -	\$ -	\$ 416,796	\$ -	\$ 4,920,735
Improvements other than buildings	1,242,031	-	-	-	-	1,242,031
Mobile equipment	599,024	8,130	-	-	-	607,154
Furniture and equipment	441,862	79,376	37,189	-	23,734	507,783
Total depreciable capital assets	\$ 6,786,856	\$ 87,506	\$ 37,189	\$ 416,796	\$ 23,734	\$ 7,277,703
<b><u>Less accumulated depreciation:</u></b>						
Buildings	\$ 1,370,955	\$ 90,556	\$ -	\$ -	\$ -	\$ 1,461,511
Improvements other than buildings	311,772	47,691	-	-	-	359,463
Mobile equipment	422,740	25,667	-	-	-	448,407
Furniture and equipment	256,969	51,096	28,442	-	9,607	289,230
Total accumulated depreciation	2,362,436	215,010	28,442	-	9,607	2,558,611
Total depreciable capital assets, net	4,424,420	(127,504)	8,747	416,796	14,127	4,719,092
Governmental activities capital assets, net	\$ 4,700,077	\$ 67,017	\$ 8,747	\$ -	\$ 14,127	\$ 4,772,474

See Note 9 for explanation of adjustment.

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 126,276
Support Services	62,271
Non-instructional	26,463
	<u>\$ 215,010</u>



**LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

(6) Long-term liabilities.

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

	<u>Balance 7/1/2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2010</u>	<u>Amount Due Within One Year</u>
A. Limited obligation bonds payable	1,085,000	-	85,000	1,000,000	90,000
B. Three mill notes payable	820,000	-	40,000	780,000	45,000
C. Compensated absences payable	41,245	-	227	41,018	2,051
Total long-term liabilities	<u>\$ 1,946,245</u>	<u>\$ -</u>	<u>\$ 125,227</u>	<u>\$ 1,821,018</u>	<u>\$ 137,051</u>

A. Limited obligation bonds payable.

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

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

Details of the district's June 30, 2010 limited obligation bonds indebtedness is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	90,000	45,815	135,815
2012	95,000	42,513	137,513
2013	100,000	37,905	137,905
2014	105,000	33,010	138,010
2015	110,000	27,850	137,850
2016-2018	<u>500,000</u>	<u>48,836</u>	<u>548,836</u>
	<u>\$ 1,000,000</u>	<u>\$ 235,929</u>	<u>\$ 1,235,929</u>

This debt will be retired from the MAEP Retirement Fund.

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.



**LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**B. Three mill notes payable.**

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Limited tax notes. Series 2003	3.5-4.3%	5/1/2003	5/1/2023	\$ 1,000,000	\$ 780,000
Total				\$ 1,000,000	\$ 780,000

Details of the district's June 30, 2010 three mill notes payable are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	45,000	32,138	77,138
2012	45,000	30,427	75,427
2013	50,000	28,673	78,673
2014	50,000	26,723	76,723
2015	55,000	24,722	79,722
2016-2020	310,000	88,398	398,398
2021-2023	225,000	19,671	244,671
	<u>\$ 780,000</u>	<u>\$ 250,752</u>	<u>\$ 1,030,752</u>

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

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

**C. Compensated absences payable.**

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

**(7) Defined Benefit Pension Plan.**

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



**LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2010 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, 2010, 2009 and 2008 were \$464,097, \$463,835 and \$446,766 respectively, which equaled the required contributions for each year.

(8) Sixteenth Section Lands.

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

Year Ending June 30	Amount
2011	\$ 12,307
2012	10,282
2013	10,282
2014	9,962
2015	3,410
2016-2020	8,210
2021-2025	6,000
2026-2030	4,625
2031-2035	2,875
Thereafter	2,450
Total	\$ 70,403

(9) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit B – Statement of Activities

Explanation	Amount
To correct accumulated depreciation for capital assets in order to agree with the District's capital asset records.	\$ 14,127
Total	\$ 14,127



**LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

(10) Risk Management.

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

The school is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 63 school districts and covers risks of loss arising from injuries to the member's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.



**LUMBERTON PUBLIC SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**



LUMBERTON PUBLIC SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 1A

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Local sources	\$ 1,532,324	\$ 1,430,088	\$ 1,430,087	\$ (102,236)	\$ (1)
State sources	3,703,531	3,418,545	3,418,546	(284,986)	1
Federal sources	8,500	55,134	55,134	46,634	-
Total Revenues	5,244,355	4,903,767	4,903,767	(340,588)	-
EXPENDITURES					
Instruction	2,944,713	2,811,035	2,811,036	133,678	(1)
Support services	2,090,597	1,836,736	1,836,736	253,861	-
Non-instructional services	1,500	147	147	1,353	-
Facilities acquisition and construction	-	194,522	194,521	(194,522)	1
Total Expenditures	5,036,810	4,842,440	4,842,440	194,370	-
Excess (deficiency) of Revenues over (under) Expenditures	207,545	61,327	61,327	(146,218)	-
OTHER FINANCING SOURCES (USES)					
Insurance loss recoveries	-	-	-	-	-
Transfers in	696,093	775,301	5,857	79,208	(769,444)
Transfers out	(750,163)	(850,760)	(81,315)	(100,597)	769,445
Total Other Financing Sources (Uses)	(54,070)	(75,459)	(75,458)	(21,388)	1
Net change in fund balances	153,475	(14,122)	(14,131)	(167,607)	1
Fund Balances:					
July 1, 2009			4,591,131		
June 30, 2010			\$ 4,577,000		

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



LUMBERTON PUBLIC SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION FUND  
FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 1B

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Local sources	\$ 57,400	\$ 69,614	\$ 69,614	\$ 12,214	\$ -
Federal sources	<u>410,000</u>	<u>440,475</u>	<u>440,475</u>	<u>30,475</u>	<u>-</u>
Total Revenues	<u>467,400</u>	<u>510,089</u>	<u>510,089</u>	<u>42,689</u>	<u>-</u>
EXPENDITURES					
Noninstructional services	<u>638,741</u>	<u>577,233</u>	<u>577,233</u>	<u>61,508</u>	<u>-</u>
Total Expenditures	<u>638,741</u>	<u>577,233</u>	<u>577,233</u>	<u>61,508</u>	<u>-</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>(171,341)</u>	<u>(67,144)</u>	<u>(67,144)</u>	<u>104,197</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Sale of other property	-	605	605	605	-
Other financing sources	-	(286)	-	(286)	286
Transfers out	<u>(42,000)</u>	<u>-</u>	<u>-</u>	<u>42,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(42,000)</u>	<u>319</u>	<u>605</u>	<u>42,319</u>	<u>286</u>
Net change in fund balances	<u>(213,341)</u>	<u>(66,825)</u>	<u>(66,539)</u>	<u>146,516</u>	<u>286</u>
Fund Balances					
July 1, 2009			<u>193,306</u>		
Increase(Decrease) in reserve for inventory			<u>(286)</u>		
June 30, 2010			<u>\$ 126,481</u>		

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



LUMBERTON PUBLIC SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - TITLE I FUND  
FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 1C

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Federal sources	545,461	539,211	539,211	(6,250)	-
Total Revenues	545,461	539,211	539,211	(6,250)	-
EXPENDITURES					
Instruction	377,472	376,659	376,659	813	-
Support services	163,759	156,716	156,717	7,043	(1)
Noninstructional services	4,230	5,836	5,835	(1,606)	1
Total Expenditures	545,461	539,211	539,211	6,250	-
Excess (deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net change in fund balances	-	-	-	-	-
Fund Balances					
July 1, 2009			-		
June 30, 2010			\$ -		

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



LUMBERTON PUBLIC SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - IDEA Part B  
FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE ID

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Federal sources	323,966	238,447	238,447	(85,519)	-
Total Revenues	323,966	238,447	238,447	(85,519)	-
EXPENDITURES					
Instruction	195,853	157,592	157,592	38,261	-
Support services	127,613	81,436	81,436	46,177	-
Noninstructional services	500	-	-	500	-
Total Expenditures	323,966	239,028	239,028	84,938	-
Excess (deficiency) of Revenues over (under) Expenditures	-	(581)	(581)	(581)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net change in fund balances	-	(581)	(581)	(581)	-
Fund Balances:					
July 1, 2009			581		
June 30, 2010			-		

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



LUMBERTON PUBLIC SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE -21st CENTURY GRANT FUND  
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 1E

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES</b>					
Federal sources	156,327	137,102	137,102	(19,225)	-
Total Revenues	156,327	137,102	137,102	(19,225)	-
<b>EXPENDITURES</b>					
Instruction	126,541	106,309	106,309	20,232	-
Support services	23,889	24,014	24,015	(125)	(1)
Noninstructional services	-	854	853	(854)	1
Total Expenditures	150,430	131,177	131,177	19,253	-
Excess (deficiency) of Revenues over (under) Expenditures	5,897	5,925	5,925	28	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(5,897)	(5,856)	(5,857)	41	(1)
Total Other Financing Sources (Uses)	(5,897)	(5,856)	(5,857)	41	(1)
Net change in fund balances	-	69	68	69	(1)
Fund Balances:					
July 1, 2009			-		
June 30, 2010			\$ 68		

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



LUMBERTON PUBLIC SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE - SIXTEENTH SECTION INTEREST FUND  
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE IF

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Sixteenth section sources	21,600	93,666	110,734	72,066	17,068
Total Revenues	21,600	93,666	110,734	72,066	17,068
EXPENDITURES					
Sixteenth section	4,500	698	698	3,802	-
Total Expenditures	4,500	698	698	3,802	-
Excess (deficiency) of Revenues over (under) Expenditures	17,100	92,968	110,036	75,863	17,068
Net change in fund balances	17,100	92,968	110,036	75,863	17,068
Fund Balances, July 1, 2009			1,635,004		
June 30, 2010			\$ 1,645,040		

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



LUMBERTON PUBLIC SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget amendments and revision

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



**LUMBERTON PUBLIC SCHOOL DISTRICT**

**SUPPLEMENTAL INFORMATION**



LUMBERTON PUBLIC SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster		
School breakfast program	10.553	\$ 140,493
National school lunch program	10.555	214,500
ARRA school lunch equipment	10.579	30,145
Total child nutrition cluster		<u>385,138</u>
Schools and roads - grants to states	10.665	<u>28,100</u>
Total U.S. Department of Agriculture		<u>413,238</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The Schools and Libraries Program of the universal service fund	32.XXX	<u>27,034</u>
Total Federal Communications Commission		<u>27,034</u>
<u>U. S. Department of Education</u>		
Passed-through Mississippi Department of Education		
Title I cluster		
Title I - grants to local educational agencies	84.010	478,447
ARRA Title I grants to local educational agencies	84.389	<u>60,764</u>
Total		<u>539,211</u>
Safe and drug-free schools and communities - state grants	84.186	10,844
Twenty-first century community learning centers	84.287	<u>133,034</u>
Rural education	84.358	<u>28,671</u>
Improving teacher quality - state grants	84.367	<u>111,897</u>
ARRA education for homeless children and youth	84.387	<u>7,028</u>
ARRA - state fiscal stabilization fund - education state grants	84.394	<u>272,976</u>
Total		<u>564,450</u>
Special education cluster:		
Special education - grants to states	84.027	<u>206,830</u>
Special education - preschool grants	84.173	<u>8,200</u>
ARRA - special education grants to states	84.391	<u>33,149</u>
ARRA - special education - preschool grants	84.392	<u>6,551</u>
Total		<u>254,730</u>
Total passed-through Mississippi Department of Education		<u>1,358,391</u>
Total U.S. Department of Education		<u>1,358,391</u>
<u>U. S. Department of Health and Human Services</u>		
Passed-through the Mississippi Department of Education:		
Medical assistance program	93.778	<u>1,473</u>
Total U.S. Department of Health and Human Services		<u>1,473</u>
Total for All Federal Awards		<u>\$ 1,800,136</u>

NOTES TO SCHEDULE

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



Lumberton Public School District  
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2010

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 5,178,228	\$ 3,896,157	\$ 383,645	\$ 345,985	\$ 552,441
Other	<u>2,022,212</u>	<u>636,155</u>	<u>78,997</u>	<u>21,019</u>	<u>1,286,041</u>
Total	<u>\$ 7,200,440</u>	<u>\$ 4,532,312</u>	<u>\$ 462,642</u>	<u>\$ 367,004</u>	<u>\$ 1,838,482</u>
Total number of students *	662				
Cost per student	<u>\$ 10,876</u>	<u>\$ 6,846</u>	<u>\$ 699</u>	<u>\$ 554</u>	<u>\$ 2,777</u>

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

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

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

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

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

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

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



**LUMBERTON PUBLIC SCHOOL DISTRICT**

**OTHER SUPPLEMENTAL INFORMATION**



## LUMBERTON PUBLIC SCHOOL DISTRICT

## Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

## General Fund

## Last Four Years

	2010	2009*	2008*	2007*
Revenues				
Local sources	\$ 1,430,087	1,319,291	1,493,168	1,349,909
State sources	3,418,546	4,041,312	4,144,016	3,987,474
Federal sources	55,134	267,959	27,232	19,454
Total Revenues	<u>4,903,767</u>	<u>5,628,562</u>	<u>5,664,416</u>	<u>5,356,837</u>
Expenditures				
Instruction	2,811,036	3,324,509	3,152,085	2,876,946
Support services	1,836,736	2,176,242	1,928,719	1,876,548
Noninstructional services	147	442	975	947
Facilities acquisition and construction	194,521	222,275	33,725	410,177
Debt service:				
Principal	0	0	24,400	22,612
Interest	0	0	2,167	2,771
Total Expenditures	<u>4,842,440</u>	<u>5,723,468</u>	<u>5,142,071</u>	<u>5,190,001</u>
Excess (Deficiency) of Revenues over Expenditures	<u>61,327</u>	<u>(94,906)</u>	<u>522,345</u>	<u>166,836</u>
Other Financing Sources (Uses):				
Insurance loss recoveries	0	343,046	0	1,742,272
Operating transfers in	5,857	71,321	2,452,968	426,019
Other financing sources	0	0	2,848	0
Operating transfers out	(81,315)	(96,326)	(112,576)	(1,224,786)
Total Other Financing Sources (Uses)	<u>(75,458)</u>	<u>318,041</u>	<u>2,343,240</u>	<u>943,505</u>
Extraordinary items	<u>0</u>	<u>0</u>	<u>0</u>	<u>(37,458)</u>
Net Change in Fund Balances	<u>(14,131)</u>	<u>223,135</u>	<u>2,865,585</u>	<u>1,072,883</u>
Fund Balances:				
July 1	<u>4,591,131</u>	<u>4,367,996</u>	<u>1,502,411</u>	<u>429,528</u>
June 30	<u>\$ 4,577,000</u>	<u>4,591,131</u>	<u>4,367,996</u>	<u>1,502,411</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS



LUMBERTON PUBLIC SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

All Governmental Funds

Last Four Years

	2010	2009*	2008*	2007*
<b>Revenues:</b>				
Local sources	\$ 1,584,107	1,499,611	1,665,970	1,589,980
State sources	3,672,549	4,301,106	4,422,750	4,283,419
Federal sources	1,859,233	1,539,081	1,296,922	1,640,848
Sixteenth section sources	181,206	124,003	196,404	387,770
Total Revenues	<u>7,297,095</u>	<u>7,463,801</u>	<u>7,582,046</u>	<u>7,902,017</u>
<b>Expenditures</b>				
Instruction	3,989,440	4,058,831	3,840,723	4,000,879
Support services	2,204,742	2,541,298	2,371,626	2,198,884
Noninstructional services	584,319	527,557	469,484	530,747
Sixteenth section	17,355	10,006	0	0
Facilities acquisition and construction	194,521	222,275	33,725	410,177
Debt service				
Principal	125,000	120,000	134,400	127,612
Interest	84,478	89,683	96,715	102,261
Other	585	585	1,334	1,756
Total Expenditures	<u>7,200,440</u>	<u>7,570,235</u>	<u>6,948,607</u>	<u>7,372,316</u>
Excess (Deficiency) of Revenues over Expenditures	<u>96,655</u>	<u>(106,434)</u>	<u>633,439</u>	<u>529,701</u>
<b>Other Financing Sources (Uses):</b>				
Insurance loss recoveries	0	343,046	0	1,742,272
Sale of other property	605	0	0	0
Operating transfers in	87,172	217,981	2,565,544	1,650,805
Other financing sources	0	0	2,848	113
Operating transfers out	(87,172)	(217,981)	(2,565,544)	(1,650,805)
Total Other Financing Sources (Uses)	<u>605</u>	<u>343,046</u>	<u>2,848</u>	<u>1,742,385</u>
Extraordinary items	<u>0</u>	<u>0</u>	<u>0</u>	<u>(37,458)</u>
Net Change in Fund Balances	<u>97,260</u>	<u>236,612</u>	<u>636,887</u>	<u>2,234,628</u>
<b>Fund Balances</b>				
July 1	7,869,952	7,627,719	6,992,805	4,757,999
Increase (Decrease) in reserve for inventory	<u>(286)</u>	<u>5,621</u>	<u>(1,973)</u>	<u>178</u>
June 30	<u>\$ 7,869,952</u>	<u>7,869,952</u>	<u>7,627,719</u>	<u>6,992,805</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS



**LUMBERTON PUBLIC SCHOOL DISTRICT**

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



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

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Superintendent and School Board  
Lumberton Public School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lumberton Public School District as of and for the year ended June 30, 2010, which collectively comprise the Lumberton Public School District's basic financial statements and have issued our report thereon dated December 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

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

*King CPA, PLLC*

**KING CPA, PLLC**

Petal, Mississippi  
December 22, 2010



**LUMBERTON PUBLIC SCHOOL DISTRICT**

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



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

Superintendent and School Board  
Lumberton Public School District

## Compliance

We have audited the compliance of the Lumberton Public School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The Lumberton Public School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

In our opinion, Lumberton Public School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.



Internal Control Over Compliance

The management of the Lumberton Public School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the school district's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

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

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

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

*King CPA, PLLC*

**KING CPA, PLLC**  
Petal, Mississippi  
December 22, 2010



**LUMBERTON PUBLIC SCHOOL DISTRICT**

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



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

Superintendent and School Board  
Lumberton Public School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lumberton Public School District as of and for the year ended June 30, 2010, which collectively comprise Lumberton Public School District's basic financial statements and have issued our report thereon dated December 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3) (a) (iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported **\$3,293** of classroom supply funds carried over from previous years.

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

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

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



Page 2

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

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

*King CPA, PLLC*

**KING CPA, PLLC**  
Petal, Mississippi  
December 22, 2010



**LUMBERTON PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

Section 1: Summary of Auditor's Results

**Financial Statements:**

1. Type of auditor's report issued on the general purpose financial statements: UNQUALIFIED
2. Material noncompliance relating to the general purpose financial statements? NO
3. Internal control over financial reporting:
  - a. Material weakness (es) identified? NO
  - b. Significant Deficiency(ies) identified that are not considered to be material weakness? NONE REPORTED

**Federal Awards:**

4. Type of auditor's report issued on compliance for major federal programs: UNQUALIFIED
5. Internal control over major programs:
  - a. Material weakness (es) identified? NO
  - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? NONE REPORTED
6. Any audit finding(s) reported as required by section .510(a) of OMB Circular A-133? NO
7. Federal programs identified as major programs:

**Title I Cluster**

Title I – grants to local education agencies	CFDA # <u>84.010</u>
Title I – grants to local education agencies, Recovery act	CFDA # <u>84.389</u>

**Child Nutrition Cluster**

School Breakfast Program	CFDA # <u>10.553</u>
National School Lunch Program	CFDA # <u>10.555</u>
School Lunch Equipment, Recovery Act	CFDA # <u>10.579</u>

8. The dollar threshold used to distinguish between Type A and Type B programs: \$300,000
9. Auditee qualified as a low-risk auditee? YES



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

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

NO

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Cost

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