



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



VICKSBURG WARREN SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2010

Breazeale, Saunders, & O'Neil, Ltd.  
Certified Public Accountants  
Jackson, Mississippi

VICKSBURG WARREN SCHOOL DISTRICT

(This page left blank intentionally )

# VICKSBURG WARREN SCHOOL DISTRICT

## TABLE OF CONTENTS

FINANCIAL AUDIT REPORT .....	1
Independent Auditors' Report on the Basic Financial Statements and Supplementary Information .....	3
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	5
FINANCIAL STATEMENTS .....	15
Statement of Net Assets .....	17
Statement of Activities .....	18
Balance Sheet – Governmental Funds .....	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities .....	22
Statement of Fiduciary Assets and Liabilities .....	23
Notes to Financial Statements .....	25
REQUIRED SUPPLEMENTARY INFORMATION .....	47
Budgetary Comparison Schedule – General Fund .....	49
Budgetary Comparison Schedule – Capital Projects Fund .....	50
Budgetary Comparison Schedule – 16 <sup>th</sup> Section District Fund .....	51
Notes to Required Supplementary Information .....	52
SUPPLEMENTARY INFORMATION .....	53
Schedule of Expenditures of Federal Awards .....	55
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds .....	57
OTHER SUPPLEMENTARY INFORMATION .....	59
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years .....	61
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years .....	62
REPORTS ON INTERNAL CONTROLS AND COMPLIANCE .....	63
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	65
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 .....	67
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS ..	69
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	73

VICKSBURG WARREN SCHOOL DISTRICT

(This page left blank intentionally)

VICKSBURG WARREN SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

VICKSBURG WARREN SCHOOL DISTRICT

(This page left blank intentionally)



INDEPENDENT AUDITORS' REPORT  
ON  
THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Superintendent and School Board  
Vicksburg Warren School District.

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vicksburg Warren School District as of and for the year ended June 30, 2010, which collectively comprise the Vicksburg Warren School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Vicksburg Warren 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 Vicksburg Warren 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 March 3, 2011, on our consideration of the Vicksburg Warren School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vicksburg Warren 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 supplementary information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*By: Sandra E. O'Neil, CPA*

Jackson, Mississippi  
March 3, 2011

VICKSBURG WARREN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

VICKSBURG WARREN SCHOOL DISTRICT

(This page left blank intentionally)

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

The discussion and analysis of Vicksburg Warren School District's ("District") financial performance provides an overall narrative review of the District's financial activities for the year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements, to enhance their understanding of the District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in the District's financial statements, notes to financial statements and any accompanying material. 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 fiscal year 2010 increased by \$3,414,701, including a prior period adjustment of \$ 193,042, which represents a 7.89% increase from fiscal year 2009.

General revenues amounted to \$63,642,359 and \$62,721,580, or 82.35% and 83.53% of all revenues for the fiscal years 2010 and 2009 respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$13,639,019, or 17.65% of total revenues for fiscal year 2010, and \$12,361,796, or 16.47% of total revenues for fiscal year 2009.

The District had \$74,059,719 and \$73,165,614 in expenses for fiscal years 2010 and 2009; only \$13,639,019 for fiscal year 2010 and \$12,361,796 for fiscal year 2009 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$63,642,359 for fiscal year 2010 and \$62,721,580 for fiscal year 2009 were adequate to provide for these programs.

Among major funds, the General Fund had \$58,764,807 in revenues and \$55,613,540 in expenditures for fiscal year 2010, and \$60,930,896 in revenues and \$58,725,497 in expenditures for fiscal year 2009. The General Funds' fund balance increased by \$1,303,928, including a prior period adjustment of \$193,042, from fiscal year 2009 to fiscal year 2010, and increased by \$191,775 from fiscal year 2008 to fiscal year 2009.

Capital assets, net of accumulated depreciation, decreased by \$189,284 for fiscal year 2010 and decreased by \$587,847 for fiscal year 2009. The decrease for fiscal year 2010 was due to the disposal of furniture and equipment, as well as the increase in accumulated depreciation.

Long-term debt increased by \$1,810,000 for fiscal year 2010 and decreased \$1,665,326 for fiscal year 2009. This increase was due to bond issues of \$10,205,000 compared to bond payments of \$8,395,000. In addition, the liability for compensated absences decreased by \$47,165 for fiscal year 2010 and decreased by \$16,547 for fiscal year 2009.

**OVERVIEW OF 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 are comprised of 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.

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

**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 indication 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, noninstructional services, sixteenth section, facilities acquisition and construction, 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 cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the 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 government 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 the governmental fund's statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.



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

**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.

Also, included in the other supplementary 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 \$46,685,997 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.

By far the largest portion of the District's net assets (43%) reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District used these capital assets to provide services to its students, consequently these assets are not available for future spending.

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

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

**Table 1  
Condensed Statement of Net Assets**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Percentage Change</u>
Current assets	\$ 28,483,284	23,389,444	21.78%
Capital assets, net	39,219,746	39,409,030	-0.48%
<b>Total assets</b>	<b>67,703,030</b>	<b>62,798,474</b>	<b>7.81%</b>
Current liabilities	2,881,127	2,878,777	0.08%
Long-term debt outstanding	18,135,906	16,648,401	8.93%
<b>Total liabilities</b>	<b>21,017,033</b>	<b>19,527,178</b>	<b>7.63%</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	20,044,746	22,044,030	-9.07%
Restricted	19,186,108	15,123,217	26.87%
Unrestricted	7,455,143	6,104,049	22.13%
<b>Total net assets</b>	<b>\$ 46,685,997</b>	<b>43,271,296</b>	<b>7.89%</b>

The following is a significant current year transaction that has had an impact on the Statement of Net Assets.

Increase in long-term liabilities of \$ 1,762,834

**Change in net assets.** The District's total revenues for the fiscal year ended June 30, 2010, and June 30, 2009, were \$77,281,378 and \$75,083,376, respectively. The total cost of all programs and services was \$74,059,719 for fiscal year 2010 and \$73,165,614 for fiscal year 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  
Changes in Net Assets**

	<u>Year Ended June 30, 2010</u>	<u>Year Ended June 30, 2009</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues			
Charges for services	\$ 1,265,111	1,393,413	-9.21%
Operating grants and contributions	12,373,908	10,968,383	12.81%
General revenues			
Property taxes	25,318,590	23,390,943	8.24%
Grants and contributions not restricted	36,422,116	37,474,087	-2.81%
Other	1,901,653	1,856,550	2.43%
<b>Total revenues</b>	<b>77,281,378</b>	<b>75,083,376</b>	<b>2.93%</b>
<b>Expenses:</b>			
Instruction	43,166,185	42,238,696	2.20%
Support services	26,557,638	22,915,650	15.89%
Noninstructional services	3,764,396	7,175,538	-47.54%
Sixteenth section	21,363	49,593	-56.92%
Interest on long-term liabilities	550,137	786,137	-30.02%
<b>Total expenses</b>	<b>74,059,719</b>	<b>73,165,614</b>	<b>1.22%</b>



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

Increase in net assets	3,221,659	1,917,762	67.99%
Net Assets, July 1	43,271,296	41,357,475	4.63%
Prior Period Adjustment	193,042	(3,941)	
Net Assets Restated, July 1	43,464,338	41,353,534	5.10%
Net Assets, June 30	<u>\$ 46,685,997</u>	<u>43,271,296</u>	7.89%

**Governmental activities.** The following table presents the cost of five major District functional activities instruction, support services, noninstructional services, 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.

**Table 3  
Net Cost of Governmental Activities**

		<u>Total Expenses</u>		<u>Percentage Change</u>
		<u>2010</u>	<u>2009</u>	
Instruction	\$	43,166,185	42,238,696	2.20%
Support services		26,557,638	22,915,650	15.89%
Noninstructional services		3,764,396	7,175,538	-47.54%
Sixteenth section		21,363	49,593	-56.92%
Interest on long-term liabilities		550,137	786,137	-30.02%
<b>Total expenses</b>	<b>\$</b>	<b>74,059,719</b>	<b>73,165,614</b>	<b>1.22%</b>

		<u>Net (Expense) Revenue</u>		<u>Change</u>
		<u>2010</u>	<u>2009</u>	
Instruction	\$	(35,638,219)	(35,327,061)	0.88%
Support services		(23,930,880)	(20,597,499)	16.18%
Noninstructional services		(280,101)	(4,043,528)	-93.07%
Sixteenth section		(21,363)	(49,593)	-56.92%
Interest on long-term liabilities		(550,137)	(786,137)	-30.02%
<b>Total net (expense) revenue</b>	<b>\$</b>	<b>(60,420,700)</b>	<b>(60,803,818)</b>	<b>-0.63%</b>

Net cost of governmental activities, \$60,420,700 and \$60,803,818, for fiscal years 2010 and 2009, respectively was financed by general revenue, which is made up of primarily property taxes of \$25,318,590 for fiscal year 2010 and \$23,390,943 for fiscal year 2009 and state and federal revenues of \$36,422,116 for fiscal year 2010 and \$37,474,067 for fiscal year 2009. In addition, there was \$1,214,006 and \$799,039, in sixteenth Section sources for fiscal year 2010 and 2009, respectively.

Investment earnings amounted to \$21,926 for 2010 and \$303,712 for fiscal year 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.

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

**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 \$27,545,603, an increase of \$5,094,760, which includes a prior period adjustment of \$193,042 and an increase in inventory of \$10,385. \$18,283,882 or 66.37%, 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 \$9,261,721 or 33.63% is reserved or designated to indicate that it is not available for spending because it has already been committed.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$1,110,886, plus a prior period adjustment of \$193,042, a result of a decrease in expenditures. The fund balance of Other Governmental Funds showed an increase in the amount of \$996,930, plus an increase in inventory of \$10,385. This increase results from proceeds from loans. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Capital Projects Fund	\$ 2,302,442
16th Section District Fund	\$ 524,359
16th Section Principal Fund	\$ (43,284)

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the annual operating budget of the general fund.

The original budgeted amounts were over estimated due to budget cuts by the Mississippi Legislature.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and other 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 \$66,738,578, including land, school buildings, building improvements, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$980,935 from fiscal year 2009. Total accumulated depreciation as of June 30, 2010 was \$27,518,832 and total depreciation expense for the year was \$1,473,728, resulting in total net capital assets of \$39,219,746.

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

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

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Percentage Change</u>
Land	\$ 1,056,845	1,056,845	0.00%
Construction in progress	766,275	-	N/A
Buildings	33,560,995	34,521,703	-2.78%
Building improvements	827,052	813,853	1.62%
Improvements other than buildings	340,192	368,259	-7.62%
Mobile equipment	2,341,267	2,284,979	2.46%
Furniture and equipment	327,120	363,391	-9.98%
<b>Total</b>	<b>\$ 39,219,746</b>	<b>39,409,030</b>	<b>-0.48%</b>

**Debt Administration.** At June 30, 2010, the District had \$19,175,000 in outstanding long-term debt, of which \$1,932,500 is due within one year. The liability for compensated absences decreased \$47,166, from the prior year.

The District maintains a AA- bond rating.

**Table 5  
Outstanding Long-Term Debt**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Percentage Change</u>
Limited obligation bonds payable	\$ 8,970,000	9,910,000	-9.49%
Certificates of participation payable	-	7,455,000	-100.00%
OSCB bonds payable	3,000,000	-	N/A
G.O. refunding 2010 bonds payable	7,205,000	-	N/A
Compensated absences payable	771,235	818,401	-5.76%
<b>Total</b>	<b>\$ 19,946,235</b>	<b>18,183,401</b>	<b>9.69%</b>

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

#### **CURRENT ISSUES**

The Vicksburg Warren School District is financially stable. The District is proud of its community support of the public schools.

The District is not aware of any current issues, decisions, or conditions that would affect the financial condition or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations. The District, however, remains concerned about reductions in government allocations and local tax collections.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report, contact the Superintendent's Office of the Vicksburg Warren School District, 1500 Mission 66, Vicksburg, Mississippi 39180.

VICKSBURG WARREN SCHOOL DISTRICT

(This page left blank intentionally)

VICKSBURG WARREN SCHOOL DISTRICT

FINANCIAL STATEMENTS

VICKSBURG WARREN SCHOOL DISTRICT

(This page left blank intentionally)

Vicksburg Warren School District  
Statement of Net Assets  
June 30, 2010

Exhibit A

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 21,059,045
Investments	408,053
Due from other governments	2,950,457
Other receivables, net	94,318
Inventories	125,864
Prepaid items	50,974
Permanently Restricted assets	3,794,573
Capital assets, not being depreciated:	
Land	1,056,845
Construction in progress	766,275
Capital assets net of accumulated depreciation	
Buildings	33,560,995
Building improvements	827,052
Improvements other than buildings	340,192
Mobile equipment	2,341,267
Furniture and equipment	327,120
Total assets	<u>67,703,030</u>
LIABILITIES	
Accounts payable and accrued liabilities	430,978
Unearned revenue	239,071
Interest payable on long-term liabilities	133,117
Other payables	267,632
Long-term liabilities (due within one year)	
Capital-related liabilities	1,745,000
Non-capital liabilities	65,329
Long-term liabilities (due beyond one year)	
Capital-related liabilities	17,430,000
Non-capital liabilities	705,906
Total liabilities	<u>21,017,033</u>
NET ASSETS	
Invested in capital assets, net of related debt	20,044,746
Restricted net assets	
Expendable	
School based activities	10,234,342
Debt service	1,030,829
Capital improvements	3,749,125
Forestry improvements	190,072
Unemployment benefits	187,167
Non-expendable	
Sixteenth section	3,794,573
Unrestricted net assets	7,455,143
Total net assets	<u>\$ 46,685,997</u>

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

Vicksburg Warren School District  
Statement of Activities  
For the Year Ended June 30, 2010

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
Instruction	\$ 43,166,185	1,008,422	6,519,544	-	(35,638,219)
Support services	26,557,638	-	2,626,758	-	(23,930,880)
Noninstructional services	3,764,396	256,689	3,227,606	-	(280,101)
Sixteenth section	21,363	-	-	-	(21,363)
Interest on long-term liabilities	550,137	-	-	-	(550,137)
Total governmental activities	\$ 74,059,719	1,265,111	12,373,908	-	(60,420,700)
General Revenues:					
Taxes					
Property taxes - general purposes levies				\$ 25,318,557	
Property taxes- debt service levies				33	
Unrestricted grants and contributions					
State				33,316,884	
Federal				3,105,232	
Unrestricted investment earnings				21,926	
Sixteenth section sources				1,214,006	
Other				665,721	
Total general revenues				63,642,359	
Change in Net Assets				3,221,659	
Net Assets - Beginning as originally reported				43,271,296	
Prior period Adjustments				193,042	
Net Assets - Beginning - Restated				43,464,338	
Net Assets - Ending				\$ 46,685,997	

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



Vicksburg Warren School District  
Balance Sheet - Governmental Funds  
June 30, 2010

Exhibit C

	Major Funds				Other	
	General Fund	Capital Projects Fund	16th Sec. District Fund	16th Sec. Principal Fund	Govern- mental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	6,154,802	2,520,707	7,875,451	3,794,573	4,595,685	24,853,618
Investments	-	-	-	-	406,053	406,053
Due from other governments	1,358,726	-	-	-	1,591,731	2,950,457
Other receivables, net	22,631	-	70,537	-	1,150	94,318
Due from other funds	845,848	-	-	-	-	845,848
Inventories	-	-	-	-	125,864	125,864
Prepaid items	50,974	-	-	-	-	50,974
Total assets	8,432,981	2,520,707	7,945,988	3,794,573	6,634,893	29,329,132
LIABILITIES & FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	206,603	195,234	-	-	29,141	430,978
Due to other funds	-	-	-	-	845,848	845,848
Unearned revenue	-	-	211,990	-	27,681	239,671
Other payables	-	23,031	45,246	-	199,355	267,632
Total liabilities	206,603	218,265	257,236	-	1,101,425	1,783,529
Fund balances						
Reserved for:						
Inventory	-	-	-	-	125,864	125,864
Prepaid items	50,974	-	-	-	-	50,974
Unemployment Benefits	-	-	-	-	187,167	187,167
Forestry Improvements	-	-	-	-	190,072	190,072
Capital improvements	-	2,302,442	-	-	1,446,693	3,749,135
Debt Service	-	-	-	-	1,163,946	1,163,946
Permanent funds	-	-	-	3,794,573	-	3,794,573
Unreserved / undesignated						
Reported in:						
General fund	8,175,404	-	-	-	-	8,175,404
Special revenue funds	-	-	7,688,752	-	2,419,726	10,108,478
Total fund balances	8,226,378	2,302,442	7,688,752	3,794,573	6,633,498	27,645,603
Total liabilities & fund balances	8,432,981	2,520,707	7,945,988	3,794,573	6,634,893	29,329,132

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

Vicksburg Warren School District  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2010

Exhibit C-1

	<u>Amount</u>
Total fund balances - governmental funds	\$ 27,545,603
Amounts reported for governmental activities in the statement of net assets are different because	
1 Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds net of accumulated depreciation of \$ 27,518,832	39,219,746
2 Long - term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Interest payable on long term liabilities	(133,117)
Limited obligation bonds payable	(8,970,000)
Bond proceeds	(10,205,000)
Compensated absences payable	(771,235)
Total net assets - governmental activities	\$ <u>46,685,997</u>

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

Vicksburg Warren 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	Capital Projects Fund	16th Sec. District Fund	16th Sec. Principal Fund		
<b>REVENUES</b>						
Local sources	26,449,716	1,031	-	-	847,019	27,297,766
State sources	31,790,935	-	-	-	2,569,597	34,360,532
Federal sources	524,156	-	-	-	13,911,337	14,435,493
Sixteenth section sources	-	-	623,458	16,636	573,912	1,214,006
Total revenues	\$8,764,607	1,031	\$23,456	16,636	17,901,855	77,307,797
<b>EXPENDITURES</b>						
Instruction	33,320,477	-	-	-	9,121,258	42,441,735
Support services	22,143,351	-	-	-	4,275,672	26,419,023
Noninstructional services	148,593	-	-	-	3,507,008	3,655,601
Sixteenth section	-	-	-	-	21,368	21,368
Facilities acquisition and construction	-	698,589	-	-	168,223	866,812
Debt Service	-	-	-	-	-	-
Principal	-	-	-	-	1,535,000	1,535,000
Interest	1,119	-	-	-	476,077	477,196
Bond issue cost	-	-	-	-	244,737	244,737
Total expenditures	\$5,613,540	698,589	-	-	19,349,338	75,661,467
Excess (deficiency) of revenues over expenditures	3,151,267	(697,558)	623,458	16,636	(1,447,473)	1,646,330
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of refunding bonds	-	-	-	-	7,205,000	7,205,000
Proceeds from bonds	-	3,000,000	-	-	-	3,000,000
Sale of equipment	266	-	-	-	-	266
Transfers in	301,261	-	-	-	2,341,908	2,643,169
Transfers out	(2,341,908)	-	(99,099)	(59,620)	(142,742)	(2,643,169)
Payment to refunded bond escrow agent	-	-	-	-	(6,960,263)	(6,960,263)
Total other financing sources (uses)	(2,040,381)	3,000,000	(99,099)	(59,620)	2,444,403	3,245,003
Net change in fund balances	1,110,886	2,302,442	524,359	(43,284)	896,830	4,891,333
<b>Fund balances</b>						
July 1, 2009, as originally reported	6,922,450	-	7,164,393	3,637,857	4,526,143	22,450,843
Prior period adjustments	193,042	-	-	-	-	193,042
July 1, 2009, as restated	7,115,492	-	7,164,393	3,637,857	4,526,143	22,643,885
Increase (decrease) in reserve for inventory	-	-	-	-	10,385	10,385
June 30, 2010	\$ 8,226,378	2,302,442	7,688,752	3,794,573	5,533,458	27,545,603

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

Vicksburg Warren 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

	<u>Amount</u>
Net change in fund balances - governmental funds	\$ 4,891,333
Amounts reported for governmental activities in the statement of activities are different because	
1. Governmental funds reported capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchases amounted to \$ 1,321,514 and depreciation expense amounted to \$ 1,473,728 and net book value of capital assets sold during the year was \$ 37,070.	(189,284)
2. Repayment of debt principal is an expenditure in the governmental funds, but the repayment has no effect on net assets.	8,395,000
3. Issuance of long-term debt is a revenue in the governmental funds, but the issuance has no effect on net assets.	(10,205,000)
4. Governmental funds recognize expenditures when paid from expendable available financial resources, while in the statement of activities, expenditures are recognized when incurred. The changes in the following accounts have a direct effect in the difference in the change between governmental fund balance and the change reflected in the statement of net assets:	
Compensated absences	47,166
Accrued interest on bonds	272,059
Inventory adjustment	10,385
	<u>3,221,659</u>
Change in net assets of governmental activities	\$ <u>3,221,659</u>

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

Vicksburg Warren School District  
Statement of Fiduciary Assets and Liabilities  
June 30, 2010

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 3,312,584
	<hr/>
Total Assets	\$ <u>3,312,584</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 3,131,783
Due to student clubs	180,801
	<hr/>
Total Liabilities	\$ <u>3,312,584</u>

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

VICKSBURG WARREN SCHOOL DISTRICT

(This page left blank intentionally)

**Vicksburg Warren 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 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 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 District is considered a "primary government." The District is governed by a 5 member board to which each member was elected by the citizens of each defined county district.

For financial reporting purposes, the Vicksburg Warren 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 Standard's 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. There were no component units required to be reported in the District's financial statements.

B. Basis of Presentation

Government - Wide Financial Statements

The Statement of Net Assets and Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund 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.

**Vicksburg Warren School District  
Notes to Financial Statements  
For the Year Ended June 30, 2010**

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 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 as 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.

**Capital Projects Fund** - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.



**Vicksburg Warren School District  
Notes to Financial Statements  
For the Year Ended June 30, 2010**

**16th Section District Fund** - This is a special revenue fund that accounts for the expendable activity of the Sixteenth Section trust monies

**16th Section Principal Fund** - This is a permanent fund, used to account for the funds which cannot be expended

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

Additionally the school district reports the following fund types:

**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

Capital Project Funds - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities

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. Agency funds, however do not have a measurement focus since they do not report equity or present an operating statement reporting changes in equity. Revenues are recorded when earned and expenses are recorded when a liability 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

**Vicksburg Warren School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2010**

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 the 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.

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

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 interfund 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.

Vicksburg Warren School District  
Notes to Financial Statements  
For the Year Ended June 30, 2010

D. Account Classifications.

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

E. Encumbrances.

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

F. Assets, liabilities, and net assets or equity

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments.

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

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

Investments for the district are reported at fair market value.

**Vicksburg Warren School District  
Notes to Financial Statements  
For the Year Ended June 30, 2010**

**2 Receivables and payables.**

Activity 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 interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**3 Due from Other Governments**

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

**4 Inventories and prepaid items.**

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

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

**5 Restricted Assets**

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

**6 Capital Assets.**

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art, and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

Vicksburg Warren School District  
Notes to Financial Statements  
For the Year Ended June 30, 2010

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

Depreciation is calculated on the straight-line basis for all assets, except land. The following schedule details those thresholds

	<u>Capitalization Policy</u>	<u>Estimated Useful life</u>
Land	\$ -	
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

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 long-term liabilities 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.

**Vicksburg Warren School District  
Notes to Financial Statements  
For the Year Ended June 30, 2010**

**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.

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 prepaid items** - An account that represents a portion of the fund balance which indicates that prepaid items do not represent available spendable resources even though they are a component of net assets.

**Reserved for capital improvements** - An account that represents that portion of fund balance in the Capital Projects Fund which was legally restricted and not available for spending for any other purpose than that for which it is restricted.

**Reserved for debt service** - 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 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 improvement purposes** - An account that represents a portion of the fund balance that is legally restricted for improving sixteenth section forest lands.

**Reserved for permanent funds** - 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 fund balance that is expendable available financial resources.



**Vicksburg Warren School District  
Notes to Financial Statements  
For the Year Ended June 30, 2010**

**G Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

**Investments** Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e) Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of 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 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 \$ 24,853,618 and \$ 3,312,584 , respectively. The bank balance was \$ 30,370,454.

**Vicksburg Warren School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2010**

*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 institutions 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 \$ 30,370,454 was exposed to custodial credit risk.

**Investments**

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

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities			
Money Market Mutual Fund	N/A	\$408,053	Not Rated
Total Investments		<u>\$408,053</u>	

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

*Credit Risk.* State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The district does not have a formal investment policy that would further limit its 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 the Hancock Horizon Treasury Money Market Mutual Fund is uninsured and unregistered and is not backed by the full faith and credit of the federal government.

*Concentration of Credit Risk.* Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2010, the district had the following investments:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Hancock Horizon Treasury Securities		
Money Market Mutual Fund	\$ 408,053	100%



**Vicksburg Warren School District  
Notes to Financial Statements  
For the Year Ended June 30, 2010**

(3) Interfund Transactions and Balances

The following is a summary of interfund transactions and balances.

A Due From / To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental	\$ 845,848
Total		<u>\$ 845,848</u>

All interfund loans were made from the General Fund to offset deficit cash balances in funds awaiting federal reimbursement.

B. Interfund Transfers

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Other Governmental	\$ 2,341,908
16 Section District Fund	General Fund	99,099
16th Section Principal Fund	General Fund	59,920
Other Governmental	General Fund	142,242
Total		<u>\$ 2,643,169</u>

Transfers in and out were made for funding salaries, indirect cost, debt service and expendable Sixteenth Section Principal Funds.

(4) Restricted Assets

The restricted assets represent the cash balance of \$ 3,794,573, of the Sixteenth Section Principal ( Permanent Fund ) which is legally restricted and may not be used for purposes that support the district's programs

**Vicksburg Warren 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	Balance 6-30-2010
<u>Non-depreciable capital assets:</u>				
Land	\$ 1,056,845	-	-	1,056,845
Construction in progress	-	766,275	-	766,275
Total non-depreciable	<u>1,056,845</u>	<u>766,275</u>	<u>-</u>	<u>1,823,120</u>
<u>Depreciable capital assets</u>				
Buildings	53,973,787	-	-	53,973,787
Building improvements	1,036,535	62,436	-	1,098,971
Improvements other than buildings	914,846	-	-	914,846
Mobile equipment	6,627,815	414,882	219,074	6,823,623
Furniture and equipment	2,147,815	77,921	121,505	2,104,231
Total depreciable capital assets	<u>64,700,798</u>	<u>555,239</u>	<u>340,579</u>	<u>64,915,458</u>
<u>Less accumulated depreciation for:</u>				
Buildings	19,452,084	960,708	-	20,412,792
Building improvements	222,682	49,237	-	271,919
Improve other than buildings	546,587	28,067	-	574,654
Mobile equipment	4,342,836	335,022	195,502	4,482,356
Furniture and equipment	<u>1,784,424</u>	<u>100,694</u>	<u>108,007</u>	<u>1,777,111</u>
Total accumulated depreciation	<u>26,348,613</u>	<u>1,473,728</u>	<u>303,509</u>	<u>27,518,832</u>
Total depreciable capital assets, net	<u>38,352,185</u>	<u>(918,489)</u>	<u>37,070</u>	<u>37,396,626</u>
Governmental activities capital assets, net	<u>\$ 39,409,030</u>	<u>(152,214)</u>	<u>37,070</u>	<u>39,219,746</u>

Vicksburg Warren School District  
Notes to Financial Statements  
For the Year Ended June 30, 2010

Depreciation expense was charged to the following governmental functions.

Governmental activities	Amount
Instruction	\$ 810,403
Support services	530,395
Noninstructional services	132,930
Total depreciation expense	\$ 1,473,728

Commitments under construction contracts at June 30, 2010, are summarized as follows.

	Spent to June 30, 2010	Remaining Commitment
Governmental Activities		
VJHS additions	\$ 537,199	1,024,559
Warrenton additions	123,290	1,379,479
Transportation additions	105,786	75,243
	\$ 766,275	2,479,281

Construction projects included in governmental activities are funded with bond funds

**Vicksburg Warren 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

	Balance 07-01-2009	Additions	Reductions	Adjustments	Balance 06-30-2010	Amounts due within one year
A. Limited obligation bonds payable	\$ 9,910,000	-	940,000	-	8,970,000	985,000
B. Certificates of participation payable	7,455,000	-	595,000	(6,860,000)	-	-
C. Limited Tax Note Series 2009 QSCB	-	3,000,000	-	-	3,000,000	-
D. General Obligation Refunding 2010 bonds payable	-	7,205,000	-	-	7,205,000	760,000
E. Compensated absences payable	818,401	-	47,166	-	771,235	65,329
Total	\$ 18,183,401	10,205,000	1,582,166	(6,860,000)	19,946,235	1,810,329

A. Limited obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement bonds Refunding	3.5%-3.9%	10-31-2006	10-31-2018	\$ 9,215,000	8,970,000
Total				\$ 9,215,000	8,970,000

**Vicksburg Warren School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2010**

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

Limited obligation bonds issue date 10-31-2006

Year Ending			
June 30	Principal	Interest	Total
2011 \$	985,000	337,485	1,322,485
2012	1,020,000	301,040	1,321,040
2013	1,060,000	263,300	1,323,300
2014	1,095,000	224,610	1,319,610
2015	1,135,000	287,755	1,422,755
2016-2019	3,675,000	471,850	4,146,850
	<u>\$ 8,970,000</u>	<u>1,886,040</u>	<u>10,856,040</u>

There are no terms by which the interest rates change other than the timelines based on the sale of the bonds. This debt will be retired from the Debt Service Fund

The state aid capital improvement bonds are secured by an irrevocable pledge of certain revenues 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. This debt will be retired by the debt service fund.

**B. Certificates of participation payable**

As more fully explained in Note 6D, Current Refunding, certificates of participation were defeased in fiscal year 2010 and the liability for those certificates was removed from long-term liabilities.

**C. Limited tax note, series 2009, QSCB**

As more fully explained in Note 15, debt has been issued by the district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Note, Series					
2009 QSCB	-	10/2/2009	10/6/2026	\$ 3,000,000	3,000,000
Total				<u>\$ 3,000,000</u>	<u>3,000,000</u>

**Vicksburg Warren School District  
Notes to Financial Statements  
For the Year Ended June 30, 2010**

**D. General obligation refunding 2010 bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Obligation					
Refunding, Series 2010	2.5% - 3.0%	6/29/2010	4/1/2019	\$ 7,205,000	7,205,000
Total				<u>\$ 7,205,000</u>	<u>7,205,000</u>

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

General obligation bonds issue date 06-29-2010

Year Ending June 30	Principal	Interest	Total
2011 \$	760,000	150,918	910,918
2012	730,000	184,544	914,544
2013	750,000	169,944	919,944
2014	765,000	154,944	919,944
2015	790,000	135,819	925,819
2016-2019	3,410,000	291,780	3,701,780
\$	<u>7,205,000</u>	<u>1,087,949</u>	<u>8,292,949</u>

There are no terms by which the interest rates change other than the timelines based on the sale of the bonds. This debt will be retired from the District Maintenance Fund.

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). The outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7 Miss. Code Ann. (1972) have been met. As of June 30, 2010, the amount of outstanding bonded indebtedness was equal to 3.14% of property assessments as of October 1, 2009.

**Advance Refunding**

On June 29, 2010, the district issued \$ 7,205,000 in general obligation bonds with an average interest rate of 2.77% to advance refund \$6,860,000 of outstanding certificates of participation with an average interest rate of 4.9%. The net proceeds of \$6,960,263 after payments of \$244,737 for issuance cost were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the refunded debt.

As a result, the 1998 and the 1999 Certificates of Participation in the amount of \$ 6,860,000, is considered to be defeased and the liability for those certificates has been removed from long-term liabilities.

The district advanced refunded the certificates to reduce its total debt service payments of the remaining 9 years of the debt by approximately \$ 294,681 and to realize an economic gain of \$ 267,732.

**Vicksburg Warren School District  
Notes to Financial Statements  
For the Year Ended June 30, 2010**

**E. 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) Prior Year Defeasance of Debt.**

In prior years, the Vicksburg Warren School District defeased certain limited obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the district's financial statements. On June 30, 2010 \$8,780,000 of outstanding bonds and certificates of participation in the amount of \$6,860,000 are defeased.

**(8) Prior Period Adjustments.**

A summary of significant fund equity adjustments are as follows:

Exhibit B - Statement of Activities		<u>Amount</u>
<u>Explanation</u>		
Adjustment required to record prior year federal receivable which remains outstanding at June 30, 2010		\$ 193,042
	Total	<u>\$ 193,042</u>
Exhibit D - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		
<u>Explanation</u>		
Adjustment required to record prior year federal receivable which remains outstanding at June 30, 2010		\$ 193,042
	Total	<u>\$ 193,042</u>

**(9) Other Commitments.**

**Operating Leases.**

The school district has several operating leases for the following:

1. 15 Canon copiers.
2. 15 Canon imagerunners

**Vicksburg Warren School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2010**

Lease expenditures for the year ended June 30, 2010, amounted to \$ 123,174. Future lease payments for these leases are as follows.

Year Ending June 30,	Amount
2011	\$ 24,488
2012	14,174
2013	5,124
2014	1,617
Total	<u>\$ 45,403</u>

(10) Defined Benefit Pension Plan.

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

**Funding Policy.** PERS members are required to contribute 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 contribution to PERS for the fiscal years ending June 30, 2010, 2009, and 2008 were \$ 5,050,795, \$ 4,952,349 and \$ 4,960,849, respectively, which equaled the required contributions for each year.

(11) 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.



**Vicksburg Warren School District  
Notes to Financial Statements  
For the Year Ended June 30, 2010**

<u>June 30,</u>	<u>Amount</u>
2011	\$ 159,902
2012	125,377
2013	63,847
2014	55,482
2015	19,617
2016-2020	76,855
2021-2025	45,965
2026-2030	45,325
2031-2034	<u>15,960</u>
Total	<u>\$ 608,330</u>

(12) Contingencies.

Federal Grants - The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from the grantor audit may become a liability of the school district.

Litigation - The school district is party to legal proceedings, many of which occur in the normal course of governmental operations. The district has insurance coverage on all claims except three EEOC claims. Though the district has filed responses to each claim, it is not possible at the present time to estimate the outcome or liability, if any, of the school district with respect to the various proceedings.

(13) Risk Management

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

**Vicksburg Warren School District  
Notes to Financial Statements  
For the Year Ended June 30, 2010**

(14) Trust Certificates

A trust agreement dated December 1, 1998, was executed by and between the school district and Hancock Bank of Jackson, Mississippi as trustee

The trust agreement authorized the issuance of trust certificates in the principal amount of \$2,500,000. Approximately \$ 2,304,093 was used to provide financing for the construction and renovation of school buildings and related facilities and equipment ( the "project"); the remainder of approximately \$ 195,907 was used to pay the cost of issuance.

A trust agreement dated April 1, 1999, was executed by and between the school district and Hancock Bank of Jackson, Mississippi, as trustee

The trust agreement authorized the issuance of trust certificates in the principal amount of \$9,500,000. Approximately \$ 9,382,949 was used to provide financing for the construction and renovation of school buildings and related facilities and equipment ( the "project"); the remainder of approximately \$ 117,051 was used to pay the cost of issuance.

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

It is not anticipated the projects will have sufficient value to satisfy the certificates in the event the school district defaults under the leases, therefore, the source of payments of the certificates is the responsibility of the school district. See Note 6 for details regarding the debt service requirement on the trust certificates

The trust certificates associated with the trust agreements dated December 1, 1998, and April 1, 1999, were retired during the current year in the amounts of \$ 1,570,000 and \$ 5,885,000 respectively.

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

**Vicksburg Warren School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2010**

(15) Qualified School Construction Bonds

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest cost.

The District makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U.S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. Deposits will not commence until fiscal year 2011. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the District.

Year Ending June 30,	Amount
2011	\$ 187,500
2012	187,500
2013	187,500
2014	187,500
2015	187,500
2016-2020	937,500
2021-2025	937,500
2026	187,500
Total	\$ <u>3,000,000</u>

(16) Subsequent Events

Events that occur after the statement of net assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net assets date require disclosure in the accompanying notes. Management of the Vicksburg Warren School District evaluated the activity of the District through March 3, 2011, and determined that no circumstances occurred that required recognition or disclosure in these financial statements.

VICKSBURG WARREN SCHOOL DISTRICT

(This page left blank intentionally)

VICKSBURG WARREN SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

VICKSBURG WARREN SCHOOL DISTRICT

(This page left blank intentionally.)

Vicksburg Warren School District  
 Budgetary Comparison Schedule - General Fund  
 For the Year Ended June 30, 2010

	Budget Amounts		Actual	Variances	
	Original	Final	GAAP Basis	Original to Final	Final to Actual
<b>REVENUES</b>					
Local sources	\$ 24,595,925	26,449,716	26,449,716	1,853,791	-
State sources	35,101,143	31,790,935	31,790,935	(3,310,208)	-
Federal sources	431,651	524,156	524,156	92,505	-
Total revenues	60,128,719	58,764,807	58,764,807	(1,363,912)	-
<b>EXPENDITURES</b>					
Instruction	36,930,248	33,320,477	33,320,477	3,609,771	-
Support services	23,856,524	22,143,351	22,143,351	1,713,173	-
Noninstructional services	158,509	148,593	148,593	9,916	-
Facilities acquisition and construction					
Principal	316,157	-	-	316,157	-
Interest	1,119	1,119	1,119	-	-
Total expenditures	61,262,557	55,613,540	55,613,540	5,649,017	-
Excess (deficiency) of revenues over expenditures	(1,133,838)	3,151,267	3,151,267	4,285,105	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of equipment	-	266	266	266	-
Transfers in	301,261	301,261	301,261	-	-
Transfers out	(2,542,410)	(2,341,908)	(2,341,908)	200,502	-
Total other financing sources and uses	(2,241,149)	(2,040,381)	(2,040,381)	200,768	-
Net change in fund balances	(3,374,987)	1,110,886	1,110,886	4,485,873	-
<b>Fund balances</b>					
July 1, 2009, as originally reported	6,922,450	6,922,450	6,922,450	-	-
Prior period adjustments	-	193,042	193,042	193,042	-
July 1, 2009, as restated	6,922,450	7,115,492	7,115,492	193,042	-
June 30, 2010	\$ 3,547,463	8,226,378	8,226,378	4,678,915	-

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

Vicksburg Warren School District  
 Budgetary Comparison Schedule - Capital Projects Fund  
 For the Year Ended June 30, 2010

	Budget Amounts		Actual GAAP Basis	Variances Positive ( Negative )	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES</b>					
Local sources	\$ -	1,031	1,031	1,031	-
Total revenues	-	1,031	1,031	1,031	-
<b>EXPENDITURES</b>					
Facilities acquisition and construction	-	698,589	698,589	(698,589)	-
Total expenditures	-	698,589	698,589	(698,589)	-
Excess (deficiency) of revenues over expenditures	-	(697,558)	(697,558)	(697,558)	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from bonds	-	3,000,000	3,000,000	3,000,000	-
Total financing sources (uses)	-	3,000,000	3,000,000	3,000,000	-
Net change in fund balances	-	2,302,442	2,302,442	2,302,442	-
Fund balances:					
July 1, 2009,	-	-	-	-	-
June 30, 2010	\$ -	2,302,442	2,302,442	2,302,442	-

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



Vicksburg Warren School District  
 Budgetary Comparison Schedule - 16th Section District Fund  
 For the Year Ended June 30, 2010

				Variances	
	Budget	Amounts	Actual	Positive ( Negative )	
	Original	Final	GAAP	Original	Final
			Basis	to Final	to Actual
<b>REVENUES</b>					
Sixteenth section sources	\$ 461,712	623,458	623,458	161,746	-
Total revenues	<u>461,712</u>	<u>623,458</u>	<u>623,458</u>	<u>161,746</u>	<u>-</u>
<b>EXPENDITURES</b>					
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>461,712</u>	<u>623,458</u>	<u>623,458</u>	<u>161,746</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(100,000)	(99,099)	(99,099)	901	-
Total other financing sources and uses	<u>(100,000)</u>	<u>(99,099)</u>	<u>(99,099)</u>	<u>901</u>	<u>-</u>
Net change in fund balances	361,712	524,359	524,359	162,647	-
Fund balances					
July 1, 2009	<u>7,164,393</u>	<u>7,164,393</u>	<u>7,164,393</u>	<u>-</u>	<u>-</u>
June 30, 2010	<u>\$ 7,526,105</u>	<u>7,688,752</u>	<u>7,688,752</u>	<u>162,647</u>	<u>-</u>

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

**Vicksburg Warren School District**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2010**

Notes to the Required Supplementary Information

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions.

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

VICKSBURG WARREN SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

VICKSBURG WARREN SCHOOL DISTRICT

( This page left blank intentionally )

**Vicksburg Warren School District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2010**

Schedule 1

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education		
Child nutrition cluster:		
School breakfast program	10.553	\$ 883,547
National school lunch program	10.555	2,791,963
Total child nutrition cluster		<u>3,675,510</u>
Total U.S. Department of Agriculture		<u>3,675,510</u>
<u>U.S. Department of Defense</u>		
Direct Programs:		
Reserve Officer's Training Corps	12.XXX	122,156
Total U.S. Department of Defense		<u>122,156</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	186,430
Total Federal Communications Commission		<u>186,430</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	2,748,044
ARRA - Title I - grants to local educational agencies	84.389	1,190,293
Total Title I Cluster		<u>3,938,337</u>
Career and technical education - basic grant to states	84.048	113,810
Safe and drug-free schools and communities - state grants	84.186	37,730
Education technology - state grants	84.318	24,227
Improving teacher quality - state grants	84.367	631,533
ARRA - State fiscal stabilization fund (SFSF) - education state grants	84.394	2,705,392

Vicksburg Warren School District  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

Schedule 1

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
Special education cluster:		
Special Education - grants to states	84 027	1,881,143
Special Education - preschool grants	84 173	100,726
ARRA - State education grants to states	84.391	512,368
ARRA - Special education - preschool grants	84 392	13,418
Total special education cluster		<u>2,507,655</u>
Total passed-through Mississippi Department of Education		9,958,684
Direct program		
Safe and drug-free schools and communities- national program	84 184	277,143
Total U.S. Department of Education		<u>10,235,827</u>
<u>U.S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Education		
Medical assistance program	93 778	213,410
Total U S Department of Health and Human Services		<u>213,410</u>
Total for All Federal Awards		<u>\$ 14,433,333</u>

NOTES TO SCHEDULE

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

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

Schedule 2

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administrative	School Administration	Other
Salaries and fringe benefits	\$ 58,080,861	45,586,727	1,889,645	3,453,687	7,150,802
Other	17,580,606	4,500,239	791,490	82,567	12,206,310
Total	\$ 75,661,467	50,086,966	2,681,135	3,536,254	19,357,112
Total number of students *	8,128				
Cost per student	\$ 9,309	6,162	330	435	2,382

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 function codes)

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

School Administration - includes expenditures for the following functions. Support Services - School Administration (2400's)

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

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

VICKSBURG WARREN SCHOOL DISTRICT

(This page left blank intentionally)



OTHER SUPPLEMENTARY INFORMATION

VICKSBURG WARREN SCHOOL DISTRICT

( This page left blank intentionally )

Vicksburg Warren School District  
Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund - Last Four Years

Unaudited

	2010	2009*	2008*	2007*
<b>Revenues:</b>				
Local sources	\$ 26,449,716	24,878,264	25,000,289	23,505,607
State sources	31,790,935	35,492,562	36,506,726	33,008,855
Federal sources	524,156	560,070	926,378	640,486
Total Revenues	58,764,807	60,930,896	62,433,393	57,154,948
<b>Expenditures:</b>				
Instruction	33,320,477	36,420,097	35,668,838	33,395,798
Support services	22,143,351	21,931,238	22,611,174	21,335,707
Noninstructional services	148,593	162,603	169,821	177,749
Facilities acquisition and construction	-	-	11,790	43,672
Debt service	-	-	-	-
Principal	-	205,326	294,925	279,957
Interest	1,119	6,233	22,351	38,313
Total Expenditures	55,613,540	58,725,497	58,778,899	55,271,196
Excess (deficiency) of revenues over expenditures	3,151,267	2,205,399	3,654,494	1,883,752
<b>Other Financing Sources (Uses)</b>				
Insurance loss recovery	-	9,080	89,427	76,848
Sale of equipment	266	-	7,274	400
Transfers in	301,261	652,921	931,804	4,021,688
Transfers out	(2,341,908)	(2,675,625)	(2,767,099)	(6,015,217)
Total Other Financing Sources (Uses)	(2,040,381)	(2,013,624)	(1,738,594)	(1,916,281)
Net Change in Fund Balances	1,110,886	191,775	1,915,900	(32,529)
<b>Fund Balances:</b>				
July 1, as originally reported	6,922,450	6,730,675	4,814,775	4,847,304
Prior period adjustment	193,042	-	-	-
July 1, as restated	7,115,492	6,730,675	4,814,775	4,847,304
June 30,	\$ 8,226,378	6,922,450	6,730,675	4,814,775

\* SOURCE - PRIOR YEAR AUDIT REPORTS

Vicksburg Warren School District  
Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Funds - Last Four Years

Unaudited

	2010	2009*	2008*	2007*
<b>Revenues:</b>				
Local sources	\$ 27,297,766	25,881,342	26,410,967	24,695,252
State sources	34,360,532	38,141,324	39,228,803	35,807,654
Federal sources	14,435,493	10,301,146	10,468,336	10,035,243
Sixteenth section sources	1,214,006	799,039	843,991	1,114,260
<b>Total Revenues</b>	<b>77,307,797</b>	<b>75,122,851</b>	<b>76,952,097</b>	<b>71,452,409</b>
<b>Expenditures:</b>				
Instruction	42,441,735	41,635,543	40,976,955	38,695,618
Support services	26,419,023	23,033,151	26,558,396	24,948,483
Noninstructional services	3,655,601	7,083,117	4,301,411	3,754,780
Sixteenth section	21,363	49,593	47,274	48,792
Facilities acquisition and construction	866,812	56,868	443,792	1,671,281
Debt service				
Principal	1,535,000	1,665,326	1,694,925	1,654,957
Interest	477,196	808,472	1,300,385	1,129,357
Bond issue cost	244,737	-	-	-
<b>Total Expenditures</b>	<b>75,661,467</b>	<b>74,332,070</b>	<b>75,323,138</b>	<b>71,903,268</b>
Excess (deficiency) of revenues over expenditures	1,646,330	790,781	1,628,959	(450,859)
<b>Other Financing Sources (Uses)</b>				
Proceeds from refunding bonds	7,205,000	-	-	-
Proceeds from bonds	3,000,000			9,215,000
Insurance loss recovery	-	9,080	89,427	76,848
Sale of equipment	266	-	7,274	400
Transfers in	2,643,169	3,328,546	3,698,903	8,414,210
Transfers out	(2,643,169)	(3,328,546)	(3,698,903)	(8,414,210)
Payments to refunded bond escrow agent	(6,960,263)	-	-	(8,780,000)
<b>Total Other Financing Sources (Uses)</b>	<b>3,245,003</b>	<b>9,080</b>	<b>96,701</b>	<b>512,248</b>
<b>Net Change in Fund Balances</b>	<b>4,891,333</b>	<b>799,861</b>	<b>1,725,660</b>	<b>61,389</b>
<b>Fund Balances:</b>				
July 1, as originally reported	22,450,843	21,653,383	19,923,709	19,814,500
Prior period adjustments	193,042	(3,941)	-	-
July 1, as restated	22,643,885	21,649,442	19,923,709	19,814,500
Increase (decrease) in reserve for inventory	10,385	1,540	4,014	47,820
<b>June 30,</b>	<b>\$ 27,545,603</b>	<b>22,450,843</b>	<b>21,653,383</b>	<b>19,923,709</b>

\* SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

VICKSBURG WARREN SCHOOL DISTRICT

(This page left blank intentionally)

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

Superintendent and School Board  
Vicksburg Warren School District:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Vicksburg Warren School District as of and for the year ended June 30, 2010, which collectively comprise the Vicksburg Warren School District's basic financial statements and have issued our report thereon dated March 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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 oversight, 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.

*Bryce, Sander : O'Neil, H*

Jackson, Mississippi

March 3, 2011



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

Superintendent and School Board  
Vicksburg Warren School District:

Compliance

We have audited the compliance of the Vicksburg Warren 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 Vicksburg Warren 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, Vicksburg Warren School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

Management of the Vicksburg Warren School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Vicksburg Warren School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

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

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

This report is intended solely for the information and use of the school board and management, others within the entity, entities with accreditation oversight, 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.

*Brady, Sanders & O'Neil, PLLC*

Jackson, Mississippi  
March 3, 2011

VICKSBURG WARREN SCHOOL DISTRICT

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

VICKSBURG WARREN SCHOOL DISTRICT

(This page left blank intentionally.)

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

Superintendent and School Board  
Vicksburg Warren School District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vicksburg Warren School District as of and for the year ended June 30, 2010, which collectively comprise Vicksburg Warren School District's basic financial statements and have issued our report thereon dated March 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to 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 \$27,368 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 our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

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

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

*Bryant, Sanders & O'Neil, Ltd*

Jackson, Mississippi

March 3, 2011

VICKSBURG WARREN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

VICKSBURG WARREN SCHOOL DISTRICT

(This page left blank intentionally)



# VICKSBURG WARREN SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

### Section I: Summary of Auditor's Results

#### Financial Statements:

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

#### Federal Awards:

- |    |  |               |
|----|--|---------------|
| 4. | Type of auditor's report issued on compliance for major federal programs:  | Unqualified   |
| 5. | Internal control over major programs:  |               |
| a. | Material weakness(es) identified?  | No            |
| b. | Significant deficiency(ies) identified that are not considered to be material weakness(es)?                            | None reported |
| 6. | Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | No            |
| 7. | Federal programs identified as major programs:   |               |
| a. | Title I - grants to local educational agencies cluster<br>CFDA #84.010<br>CFDA #84.389 (ARRA)                          |               |
| b. | Special Education Cluster<br>CFDA #84.027<br>CFDA #84.173<br>CFDA #84.391 (ARRA)<br>CFDA #84.392 (ARRA)                |               |
| c. | Education Technology - state grants<br>CFDA #84.318  |               |

VICKSBURG WARRIEN SCHOOL DISTRICT

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010

- d. State Fiscal Stabilization Fund – education state grants (ARRA)  
CFDA #84.394
  - e. Safe and Drug-Free Schools and Communities – National Programs  
CFDA #84.184
  - f. Safe and Drug-Free Schools and Communities – State Grants  
CFDA #84.186
8. Dollar threshold used to distinguish between type A and type B programs: \$432,999
9. Auditee qualified as low-risk auditee? No

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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