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WEST BOLIVAR SCHOOL DISTRICT
Audited Financial Statements
For the Year Ended June 30, 2010

Bridgers & Company, P.C.
Certified Public Accountants
Vicksburg, Mississippi

WEST BOLIVAR SCHOOL DISTRICT

TABLE OF CONTENTS

FINANCIAL AUDIT REPORT	1
Independent Auditor's Report on the Basic Financial Statements and Supplemental Information	2
MANAGEMENT DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	13
Statement of Net Assets	14
Statement of Activities	15
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Statement of Fiduciary Assets and Liabilities	20
Notes to Financial Statements	22
REQUIRED SUPPLEMENTARY INFORMATION	40
Budgetary Comparison Schedule - General Fund	41
Budgetary Comparison Schedule - Title 1 Basic Fund	42
Notes to the Required Supplementary Information	43
SUPPLEMENTAL INFORMATION	44
Schedule of Expenditures of Federal Awards	45
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds	47

WEST BOLIVAR SCHOOL DISTRICT

TABLE OF CONTENTS

OTHER SUPPLEMENTAL INFORMATION	48
Statement of Revenues, Expenditures and Changes in Fund Balance	
General Fund - Last Four Years	49
All Governmental Funds - Last Four Years	50
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	51
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> ..	52
Independent Auditor's Report on Compliance with Requirements That Could Have A Direct And Material Effect On Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Circular A-133	54
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	56
Independent Auditor's Report on Compliance with State Laws and Regulations	57
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	59
AUDITEE'S CORRECTIVE ACTION PLAN	62

WEST BOLIVAR SCHOOL DISTRICT

Financial Audit Report

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

Superintendent and School Board
West Bolivar School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the West Bolivar School District as of and for the year ended June 30, 2010, which collectively comprise the West Bolivar School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the West Bolivar 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 West Bolivar School District, as of June 30, 2010, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2010, on our consideration of the West Bolivar 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 West Bolivar School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The other supplemental information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balance, General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balance, All Governmental Funds, Last Four Years, is presented for purpose 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.

Bridgers & Company, P.C.

Bridgers & Company, P.C.

Vicksburg, Mississippi

December 16, 2010

WEST BOLIVAR SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

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

The discussion and analysis of West Bolivar School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements, to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in 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 2010 decreased by \$229,326, including prior period adjustments of \$(130,831), which represents a 19% decrease from fiscal year 2009.

General revenues amounted to \$5,824,043 and \$6,180,564, or 66% and 69% 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 \$2,983,084, or 34% of total revenues for 2010, and \$2,749,896, or 31% of total revenues for 2009.

The District had \$8,905,622 and \$9,276,800 in expenses for fiscal years 2010 and 2009; only \$2,983,084 for 2010 and \$2,749,896 for 2009 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$5,824,043 for 2010 and \$6,180,564 for 2009 were not adequate to provide for these programs.

Among major funds, the General Fund had \$5,185,020 in revenues and \$5,262,600 in expenditures for 2010, and \$5,555,876 in revenues and \$5,881,351 in expenditures for 2009. The General Fund's fund balance increased by \$96,696 from 2009 to 2010, and decreased by \$50,209 from 2008 to 2009.

Capital assets, net of accumulated depreciation, decreased by \$110,178 for 2010 and decreased by \$159,246 for 2009. The decrease for 2010 was due to the recording of depreciation expense, as well as a prior period adjustment, correcting accumulated depreciation.

Long-term debt decreased \$161,407 for 2010 and decreased \$165,324 for 2009. This decrease results from debt repayments of \$161,407 during the current year. In addition, the liability for compensated absences increased by \$9,187 for 2010 and increased by \$7,306 for 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.

WEST BOLIVAR 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, non-instructional, sixteenth section and interest on long-term liabilities.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the School District's operations.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by \$994,346 as of June 30, 2010.

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

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

WEST BOLIVAR 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	\$ 1,080,031	1,021,064	5.78%
Restricted assets	15,253	15,104	0.99%
Capital assets, net	2,368,981	2,479,159	-4.44%
Total assets	3,464,265	3,515,327	-1.45%
Current liabilities	429,411	98,927	334.07%
Long-term debt outstanding	2,040,508	2,192,728	-6.94%
Total liabilities	2,469,919	2,291,655	7.78%
Net assets:			
Invested in capital assets, net of related debt	843,981	819,159	3.03%
Restricted	345,280	713,344	-51.60%
Unrestricted	(194,915)	(308,831)	-36.89%
Total net assets	\$ 994,346	1,223,672	-18.74%

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

Prior period adjustment of \$ (131,513), to correct accumulated depreciation.

Cash was not transferred to payroll clearing account to cover July payrolls by June 30, 2010.

The principal retirement of \$ 161,407 of long-term debt.

Change in net assets. The District's total revenues for the fiscal year ended June 30, 2010 and June 30, 2009, were \$8,807,127 and \$8,930,460, respectively. The total cost of all programs and services was \$8,905,622 for 2010 and \$9,276,800 for 2009. Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2010 and June 30, 2009.

Table 2
Changes in Net Assets

	<u>Year Ended June 30, 2010</u>	<u>Year Ended June 30, 2009</u>	<u>Percentage Change</u>
Revenues:			
Program revenues			
Charges for services	\$ 306,944	163,065	88.23%
Operating grants and contributions	2,676,140	2,560,069	4.53%
Capital Grants	0	26,762	-100.00%
General revenues			
Property taxes	1,188,171	1,076,250	10.40%
Grants and contributions not restricted	4,299,187	4,691,263	-8.36%
Unrestricted investment earnings	1,694	14,281	-88.14%
Sixteenth section sources	198,402	213,977	-7.28%
Other	136,589	184,793	-26.09%
Total revenues	8,807,127	8,930,460	-1.38%
Expenses:			
Instruction	4,668,375	4,884,097	-4.42%
Support services	3,555,582	3,581,726	-0.73%
Non-instructional	544,554	667,380	-18.40%
Sixteenth section	33,515	30,131	11.23%
Interest on long-term liabilities	103,596	113,466	-8.70%
Total expenses	8,905,622	9,276,800	-4.00%

WEST BOLIVAR SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

Decrease in net assets	(98,495)	(346,340)	-71.56%
Net Assets, July 1	1,223,672	1,651,625	-25.91%
Prior Period Adjustment	(130,831)	(81,613)	
Net Assets Restated, July 1	1,092,841	1,570,012	-30.39%
Net Assets, June 30	\$ 994,346	1,223,672	-18.74%

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

Table 3
Net Cost of Governmental Activities

	<u>Total Expenses</u>		Percentage Change
	2010	2009	
Instruction	\$ 4,668,375	4,884,097	-4.42%
Support services	3,555,582	3,581,726	-0.73%
Non-instructional	544,554	667,380	-18.40%
Sixteenth section	33,515	30,131	11.23%
Interest on long-term liabilities	103,596	113,466	-8.70%
Total expenses	\$ 8,905,622	\$9,276,800	-4.00%

	<u>Net (Expense) Revenue</u>		Change
	2010	2009	
Instruction	\$ (3,530,829)	(3,814,234)	-7.43%
Support services	(2,253,322)	(2,422,769)	-6.99%
Non-instructional	(1,276)	(146,304)	-99.13%
Sixteenth section	(33,515)	(30,131)	11.23%
Interest on long-term liabilities	(103,596)	(113,466)	-8.70%
Total net (expense) revenue	\$ (5,922,538)	(6,526,904)	-9.26%

Net cost of governmental activities, \$5,922,538 and \$6,526,904, was financed by general revenue, which is made up of primarily property taxes of \$1,188,171 for 2010 and \$1,076,250 for 2009 and state and federal revenues of \$4,299,187 for 2010 and \$4,691,263 for 2009. In addition, there was \$198,402 and \$213,977, in Sixteenth Section sources for 2010 and 2009, respectively.

Investment earnings amounted to \$1,694 for 2010 and \$14,281 for 2009.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

WEST BOLIVAR 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 \$723,173, a decrease of \$270,743, which includes a decrease in inventory of \$4,757, and a prior period adjustment of \$682. \$472,387 or 65%, 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 \$250,786 or 35% 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 \$96,696, which includes a prior period adjustment of \$682, is a result of a decrease in expenditures. The fund balance of Other Governmental Funds showed a decrease in the amount of \$370,373, which includes a decrease in inventory of \$4,757. The decrease results from excess expenses over revenues of \$198,022 and excess transfers out of \$167,594. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title 1 Basic Fund	(459)
MAEP Retirement Fund	3,393

BUDGETARY HIGHLIGHTS

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

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 \$5,196,444, including land, school buildings, building improvements, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$63,166 from 2009. Total accumulated depreciation as of June 30, 2010 was \$2,827,463, as corrected by a prior period adjustment of \$(131,513) and total depreciation expense for the year was \$132,487, resulting in total net capital assets of \$2,368,981.

WEST BOLIVAR SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

Table 4
Capital Assets, Net of Depreciation

	June 30, 2010	June 30, 2009	Percentage Change
Construction in progress	\$ 0	17,252	100.00%
Buildings	1,564,611	1,643,300	-4.79%
Building improvements	186,370	206,172	-9.60%
Improvements other than buildings	128,445	45,095	184.83%
Mobile equipment	371,457	408,864	-9.15%
Furniture and equipment	118,098	158,476	-25.48%
Total	<u>\$ 2,368,981</u>	<u>2,479,159</u>	-4.44%

Debt Administration. At June 30, 2010, the District had \$2,040,508 in outstanding long-term debt, of which \$167,812 is due within one year. The liability for compensated absences increased \$9,187, from the prior year.

The District maintains a AA bond rating.

Table 5
Outstanding Long-Term Debt

	June 30, 2010	June 30, 2009	Percentage Change
Limited obligation bonds payable	\$ 1,525,000	1,660,000	-8.13%
Obligations under energy efficient leases	451,043	477,450	-5.53%
Compensated absences payable	64,465	55,278	16.62%
Total	<u>\$ 2,040,508</u>	<u>2,192,728</u>	-6.94%

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

CURRENT ISSUES

The West Bolivar School District is financially stable. The District however, continues to struggle with budget cuts and increased cost. The District is aware that for the last two years, it has experienced an operating deficit and is currently working on bringing expenditures in line with revenues.

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 West Bolivar School District, PO Box 189, Rosedale, MS 38769.

WEST BOLIVAR SCHOOL DISTRICT

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WEST BOLIVAR SCHOOL DISTRICT

FINANCIAL STATEMENTS

West Bollivar School District
Statement of Net Assets
June 30, 2010

Exhibit A

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 415,511
Investments	97,029
Due from other governments	556,520
Lease receivable, net	2,071
Inventories	8,900
Restricted assets	15,253
Capital assets net of accumulated depreciation:	
Buildings	1,564,611
Building improvements	186,370
Improvements other than buildings	128,445
Mobile equipment	371,457
Furniture and equipment	118,098
Total assets	<u>3,464,265</u>
LIABILITIES	
Accounts payable and accrued liabilities	15,745
Unearned revenue	2,505
Interest payable on long-term liabilities	57,300
Other payables	353,861
Long-term liabilities (due within one year)	
Capital-related liabilities	140,000
Non-capital related liabilities	27,812
Long-term liabilities (due beyond one year)	
Capital-related liabilities	1,385,000
Non-capital related liabilities	487,696
Total liabilities	<u>2,469,919</u>
NET ASSETS	
Invested in capital assets, net of related debt	843,981
Restricted net assets	
Expendable:	
School based activities	160,694
Debt service	147,704
Forestry improvements	256
Unemployment benefits	21,373
Non-expendable:	
Sixteenth section	15,253
Unrestricted	(194,915)
Total net assets	<u>\$ 994,346</u>

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

West Bolivar School District
Statement of Activities
For the Year Ended June 30, 2010

Exhibit B

					Net (Expense) Revenue and Changes in Net Assets
Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Governmental Activities Total
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ 4,668,375	174,138	983,410		(3,530,829)
Support services	3,555,582	97,998	1,204,262		(2,253,322)
Noninstructional services	544,554	34,810	508,468		(1,276)
Sixteenth section	33,515				(33,515)
Interest on long-term liabilities	103,596				(103,596)
Total governmental activities	\$ 8,905,622	306,944	2,676,140		(5,922,538)
General Revenues					
Taxes:					
Property taxes - general purposes levies				\$ 1,188,171	
Unrestricted grants and contributions:					
State				4,049,068	
Federal				250,119	
Unrestricted investment earnings				1,694	
Sixteenth section sources				198,402	
Other				136,589	
Total general revenues				5,824,043	
Change in Net Assets					(98,495)
Net Assets - Beginning as originally reported					1,223,672
Prior period Adjustments					(130,831)
Net Assets - Beginning - Restated					1,092,841
Net Assets - Ending				\$ 994,346	

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

West Bolivar School District
Balance Sheet - Governmental Funds
June 30, 2010

Exhibit C

	Major Funds			OTHER Govern- mental Funds	Total Governmental Funds
	General Fund	Title 1 Basic Fund	MAEP Retirement Fund		
ASSETS					
Cash and cash equivalents	\$ 142,647	32,651		255,488	430,784
Investments			97,029		97,029
Due from other governments	351,799	46,003	107,975	50,743	566,520
Lease receivable, net				2,071	2,071
Due from other funds	89,393				89,393
Inventories				8,900	8,900
Total assets	583,839	78,654	205,004	317,180	1,184,677
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	12,208	1,130		2,407	15,745
Due to other funds	251,038	77,524		114,692	443,254
Unearned revenue				2,505	2,505
Total liabilities	263,246	78,654	0	119,604	461,504
Fund balances:					
Reserved for:					
Inventory				8,900	8,900
Unemployment Benefits				21,373	21,373
Forestry Improvements				256	256
Debt Service			205,004		205,004
Permanent funds				15,253	15,253
Unreserved / undesignated					
Reported in					
General fund	320,593				320,593
Special revenue funds				151,794	151,794
Total fund balances	320,593	0	205,004	197,576	723,173
Total liabilities & fund balances	583,839	78,654	205,004	317,180	1,184,677

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

West Bolivar 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	\$ 723,173
Amounts reported for governmental activities in the statement of net assets are different because:	
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$ 2,827,463.	2,368,981
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	-57,300
Limited obligation bonds payable	-1,525,000
Obligations under energy efficient leases	-451,043
Compensated absences payable	-64,465
Total net assets - governmental activities	\$ <u>994,346</u>

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

West Bolivar School District
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2010

Exhibit D

	Major Funds				
	General Fund	Title 1 Basic Fund	MAEP Retirement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local sources	\$ 1,363,615	2,976	3	130,215	1,496,809
State sources	3,665,055		215,950	420,897	4,322,002
Federal sources	136,390	1,023,123		1,703,896	2,863,369
Sixteenth section sources				198,402	198,402
Total revenues	<u>\$ 5,185,020</u>	<u>1,026,099</u>	<u>215,953</u>	<u>2,453,510</u>	<u>8,880,582</u>
EXPENDITURES					
Instruction	3,632,280	469,042		1,187,379	4,688,701
Support services	2,161,194	511,297		944,061	3,616,552
Noninstructional services	17,308	40,219		446,577	544,104
Sixteenth section				33,515	33,515
Facilities acquisition and construction					0
Debt Service:					
Principal	26,407		135,000		161,407
Interest	25,411		77,010		102,421
Other			550		550
Total expenditures	<u>5,282,600</u>	<u>1,020,558</u>	<u>212,560</u>	<u>2,651,532</u>	<u>9,147,250</u>
Excess (deficiency) of revenues over expenditures	<u>(77,580)</u>	<u>5,541</u>	<u>3,393</u>	<u>(198,022)</u>	<u>(266,668)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	497,570			323,976	821,546
Transfers out	(323,976)	(6,000)		(491,570)	(821,546)
Total other financing sources and (uses)	<u>173,594</u>	<u>(6,000)</u>	<u>0</u>	<u>(167,594)</u>	<u>0</u>
Net change in fund balances	98,014	(459)	3,393	(365,616)	(265,668)
Fund balances:					
July 1, 2009, as originally reported	223,897	459	201,611	567,949	993,916
Prior period adjustments	682				682
July 1, 2009, as restated	<u>224,579</u>	<u>459</u>	<u>201,611</u>	<u>567,949</u>	<u>994,598</u>
Increase (decrease) in reserve for inventory				(4,757)	(4,757)
June 30, 2010	<u>320,593</u>	<u>0</u>	<u>205,004</u>	<u>197,576</u>	<u>723,173</u>

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

West Bolivar School District

Exhibit D-1

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

	<u>Amount</u>
Net change in fund balances - governmental funds	\$ (266,668)
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 \$ 222,520 and depreciation expense amounted to \$ 132,487 and net book value of capital assets sold during the year was \$ 68,698.	21,335
2. Repayment of debt principal is an expenditure in the governmental funds, but the repayment has no effect on net assets.	161,407
3. 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	(9,187)
Accrued interest on long term debt	(625)
Inventory adjustment	(4,757)
	<hr/>
Change in net assets of governmental activities	\$ <u>(98,495)</u>

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

West Bolivar School District
Statement of Fiduciary Assets and Liabilities
June 30, 2010

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 9,930
Due from other funds	353,861
	<hr/>
Total Assets	<u>363,791</u>
Liabilities	
Accounts payable and accrued liabilities	353,861
Due to student clubs	9,930
	<hr/>
Total Liabilities	<u>\$ 363,791</u>

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

WEST BOLIVAR SCHOOL DISTRICT

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West Bolivar School District
Notes to Financial Statements
For the Year Ended June 30, 2010

(1) Summary of Significant Accounting Policies.

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

A. Financial Reporting Entity.

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a 5 member board to which each member was elected by the citizens of each defined county district.

For financial reporting purposes, the West Bolivar 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.

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.

West Bolivar 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.

Title I Basic Fund - This accounts for the transactions of the Title I Grant. This is a federal grant available to local educational agencies.

West Bolivar School District
Notes to Financial Statements
For the Year Ended June 30, 2010

MAEP Retirement Fund - This fund is used to account for the revenues used to retire the principal and interest on MAEP debt.

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

The District's fiduciary funds include 6 agency funds

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.

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

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

FIDUCIARY FUNDS

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

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

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

West Bolivar 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.

West Bolivar 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.

West Bolivar 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.

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

5. Restricted Assets.

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

6. Capital Assets.

Capital assets 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.

West Bolivar 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	\$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5 - 10 years
Furniture and equipment	5,000	3 - 7 years
Leased property under capital leases	-	-

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

7. Compensated Absences.

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

The liability for these compensated absences is recorded as 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 liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires

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

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

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

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

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

West Bolivar School District
Notes to Financial Statements
For the Year Ended June 30, 2010

(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 those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued 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, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the general fund.

Cash and Cash Equivalents.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$ 430,764 and \$ 9,930 , respectively. The bank balance was \$ 1,230,565.

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 \$ 1,230,565, was exposed to custodial credit risk.

West Bolivar School District
Notes to Financial Statements
For the Year Ended June 30, 2010

Investments.

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

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Hancock Horizon Treasury Securities		
Money Market C1 A	N/A	\$97,029
Total Investments		<u>\$97,029</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. Of the District's investments in Hancock Horizon Treasury Securities Money Market Fund, \$97,029 of underlying securities are held by the investment's counterparty, not in the name of the District.

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 C1A	\$ 97,029	100%
	<u>\$97,029</u>	

West Bolivar 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	\$ 89,393
Fiduciary	General	251,038
	Title 1 Basic Fund	77,524
	Other Governmental	25,299
Total		<u>\$ 443,254</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>
Title I Basic	General	\$ 6,000
General	Other Governmental	323,976
Other Governmental	General	491,570
Total		<u>\$ 821,546</u>

Transfers in and out were made for funding salaries, indirect cost, and debt service.

(4) Restricted Assets

The restricted assets represent the cash balance of \$ 15,253, of the Sixteenth Section Principal (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs

West Bolivar School District
Notes to Financial Statements
For the Year Ended June 30, 2010

(5) Capital Assets.

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

	Balance 7-1-2009	Additions	Retirements	Completed Construction	Adjustments	Balance 6-30-2010
Non-depreciable capital						
Land	\$ 0					
Construction in progress	17,252	32,748		(50,000)		0
Total non-depreciable	17,252	32,748	0	(50,000)	0	0
<u>Depreciable Capital Assets</u>						
Buildings	3,144,168					3,144,168
Building improvements	247,513					247,513
Improvements other than buildings	99,516	39,739		50,000		189,255
Mobile equipment	941,861	79,807	87,229			934,439
Furniture and equipment	682,968	20,226	22,125			681,069
Total depreciable capital Assets	5,116,026	139,772	109,354	50,000	0	5,196,444
<u>Less accumulated</u>						
Buildings	1,500,868	34,849			43,840	1,579,557
Building improvements	41,341	9,901			9,901	61,143
Improve other than bldg	54,421	4,989			1,400	60,810
Mobile equipment	532,997	53,441	69,972		46,516	562,982
Furniture & equipment	524,492	29,307	20,684		29,856	562,971
Total accumulated depreciation	2,654,119	132,487	90,656	0	131,513	2,827,463
Total depreciable capital assets, net	2,461,907	7,285	18,698	50,000	(131,513)	2,368,981
Governmental activities capital assets, net	\$ 2,479,159	40,033	18,698	0	(131,513)	2,368,981

Adjustments were made to correct a June 30, 2009, prior period adjustment. See note 11 on page 38 of this report.

West Bolivar 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	\$ 92,740
Support services	26,497
Noninstructional services	13,250
Total depreciation expense	<u>\$ 132,487</u>

There were no commitments under construction contracts at June 30, 2010.

(6) Long - term liabilities.

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

	Balance 07-01-2009	Additions	Reductions	Balance 06-30-2010	Amounts due within one year
A. Limited obligation bonds payable	\$ 1,660,000		135,000	1,525,000	140,000
B. Obligations under energy efficient leases	477,450		26,407	451,043	27,812
C. Compensated absences payable	55,278	9,187		64,465	
Total	<u>\$ 2,192,728</u>	<u>9,187</u>	<u>161,407</u>	<u>2,040,508</u>	<u>167,812</u>

West Bolivar School District
Notes to Financial Statements
For the Year Ended June 30, 2010

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, Series 1998	4.5-6.0%	04-01-1998	02-01-2018	2,595,000	1,525,000
Total				\$ 2,595,000	1,525,000

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

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

Limited obligation bonds issue date 04-01-1998

Year Ending June 30	Principal	Interest	Total
2011	140,000	70,615	210,615
2012	150,000	63,763	213,763
2013	155,000	56,480	211,480
2014	160,000	48,920	208,920
2015	165,000	41,038	206,038
2016-2018	755,000	71,295	826,295
	\$ 1,525,000	352,111	1,877,111

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

West Bolivar School District
Notes to Financial Statements
For the Year Ended June 30, 2010

B Obligations Under Energy Efficient Leases.

Debt currently outstanding is as follows

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy Lease	5.06%	11/9/2006	7/1/2021	<u>535,804</u>	<u>451,043</u>
Total				<u>\$ 535,804</u>	<u>451,043</u>

Details of the district's June 30, 2010 energy efficient lease payable are as follows:

2006 Energy Efficient lease payable

Year Ending June 30	Principal	Interest	Total
2011	27,812	24,006	51,818
2012	29,293	22,525	51,818
2013	30,852	20,966	51,818
2014	32,494	19,324	51,818
2015	34,223	17,595	51,818
2016-2019	156,103	51,171	207,274
2020-2022	140,266	15,189	155,455
			0
	<u>\$ 451,043</u>	<u>170,776</u>	<u>621,819</u>

An energy efficient lease agreement dated November 9, 2006, was executed by and between the District, the lessee, and Government Capital Corporation, the lessor.

The agreement authorized the borrowing of \$535,804 for the purchase of energy efficient equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the district maintenance fund and not to exceed fifteen (15) years.

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

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement. This debt will be repaid by the district maintenance fund.

C Compensated absences payable.

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

West Bolivar School District
Notes to Financial Statements
For the Year Ended June 30, 2010

(7) 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 \$ 595,875, \$ 608,403 and \$ 612,222 , respectively, which equaled the required contributions for each year.

(8) Sixteenth Section Lands.

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

<u>June 30</u>	<u>Amount</u>
2011	151,821
2012	121,421
2013	91,688
2014	42,887
2015	24,437
2016-2020	117,982
2021-2025	46,201
2026-2030	33,356
2031-2035	19,661
2036-2040	17,826
2041-2045	13,666
2046-2050	<u>3,935</u>
Total	<u>\$ 684,881</u>

West Bolivar School District
Notes to Financial Statements
For the Year Ended June 30, 2010

(9) 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.

(10) Risk Management.

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

Participation in Public Entity Risk Pool.

The school district is a member of the Mississippi School Boards Association Worker's Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insured insurance pool. The trust consists of approximately 63 school districts and covers risks of loss arising from injuries to the member's employees. The Mississippi Worker's Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the worker's compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$ 750,000. MSBAWCT has insurance which will pay the excess of the statutory amount required by the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies.

(11) 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 correct prior year adjustment to capital assets which remains outstanding at June 30, 2010.	(131,513)
Adjustment required to correct prior year expenditure accrual.	682
Total	<u>\$ (130,831)</u>

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

<u>Explanation</u>	
Adjustment required to correct prior year expenditure accrual.	682
	<u>\$ 682</u>

West Bolivar School District
Notes to Financial Statements
For the Year Ended June 30, 2010

(12) 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 West Bolivar School District evaluated the activity of the district through December 16, 2010, (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred that requires disclosure in the notes to financial statements.

Subsequent to June 30, 2010, the West Bolivar School District issued the following debt obligation.

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10-14-2010	4%	177,955	Revenue Shortfall Note	Ad Valorem Taxes

WEST BOLIVAR SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

West Bolivar School District
 Budgetary Comparison Schedule for the General Fund
 For the Year Ended June 30, 2010

				Variances	
				Positive (Negative)	
	Budget	Amounts	Actual	Original	Final
	Original	Final	GAAP	to Final	to Actual
			Basis		
REVENUES					
Local sources	\$ 1,313,872	1,363,615	1,363,615	49,743	0
State sources	4,005,465	3,684,572	3,685,055	(320,693)	483
Federal sources	57,000	136,833	136,350	79,833	(483)
Total revenues	<u>5,376,337</u>	<u>5,185,020</u>	<u>5,185,020</u>	<u>(191,317)</u>	<u>0</u>
EXPENDITURES					
Instruction	3,126,547	3,032,280	3,032,280	94,267	0
Support services	2,320,669	2,161,194	2,161,194	159,475	0
Noninstructional services	18,193	17,307	17,308	886	(1)
Facilities acquisition and construction					
Principal	26,407	26,407	26,407	0	0
Interest	25,412	25,412	25,411	0	1
Total expenditures	<u>5,517,228</u>	<u>5,262,600</u>	<u>5,262,600</u>	<u>254,628</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	(140,891)	(77,580)	(77,580)	63,311	0
OTHER FINANCING SOURCES (USES)					
Insurance loss recoveries	2,500			(2,500)	
Transfers in	607,273	549,293	497,570	(57,980)	(51,723)
Transfers out	(424,708)	(375,699)	(323,976)	49,009	51,723
Total other financing sources and uses	<u>185,065</u>	<u>173,594</u>	<u>173,594</u>	<u>(11,471)</u>	<u>0</u>
Net change in fund balances	44,174	96,014	96,014	51,840	0
Fund balances.					
July 1, 2009, as originally reported	207,140	223,897	223,897	16,757	0
Prior period adjustments		682	682	682	
July 1, 2009, as restated	<u>207,140</u>	<u>224,579</u>	<u>224,579</u>	<u>17,439</u>	<u>0</u>
June 30, 2010	<u>\$ 251,314</u>	<u>320,593</u>	<u>320,593</u>	<u>69,279</u>	<u>0</u>

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

West Bolivar School District
 Budgetary Comparison Schedule for the Title I Basic Fund
 For the Year Ended June 30, 2010

	Budget		Actual GAAP Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Local sources	\$ 0	2,976	2,976	2,976	0
Federal sources	1,164,375	1,023,123	1,023,123	(141,252)	0
Total revenues	1,164,375	1,026,099	1,026,099	(138,276)	0
EXPENDITURES					
Instruction	563,979	469,042	469,042	94,937	
Support services	551,080	511,297	511,297	39,783	
Noninstructional services	48,419	40,219	40,219	8,200	0
Total expenditures	1,163,478	1,020,558	1,020,558	142,920	0
Excess (deficiency) of revenues over expenditures	897	5,541	5,541	4,644	0
OTHER FINANCING SOURCES (USES)					
Transfer out	(3,000)	(6,000)	(6,000)	(3,000)	0
Total financing sources (uses)	(3,000)	(6,000)	(6,000)	(3,000)	0
Net change in fund balances	(2,103)	(459)	(459)	1,644	0
Fund balances.					
July 1, 2009,	459	459	459	0	0
June 30, 2010	(1,644)	0	0	1,644	0

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

West Bolivar School District
Notes to the 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.

WEST BOLIVAR SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

West Bolivar 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	131,131
National School Lunch Program	10.555	380,121
MDE-Summer Food Service Program for Children	10.559	25,177
Total U.S. Department of Agriculture Pass-Through Programs		
Programs		<u>536,429</u>
Total Child Nutrition Cluster		<u>536,429</u>
<u>Federal Communications Commission</u>		
Direct Program:		
School Libraries of the Universal Service Fund	32.xxx	137,467
Total Federal Communications Commission		<u>137,467</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Special Education Cluster (IDEA):		
Special Education_Grants to States	84.027	206,647
Special Education_Preschool Grants	84.173	18,347
ARRA - Special Education Grants to States, Recovery Act	84.391	121,347
ARRA - Special Education-Preschool Grants, Recovery Act	84.392	12,284
Total Special Education Cluster (IDEA)		<u>358,625</u>
Title I, Part A Cluster		
Title I - Grants to Local Educational Agencies	84.010	1,028,123
ARRA - Title I - Grants to Local Educational Agencies		
Recovery Act	84.389	31,578
Total Title I, Part A Cluster		<u>1,059,701</u>
Career and Technical Education - Basic Grant to States	84.048	25,667
Safe and Drug-Free Schools and Communities _		
State Grants	84.186	6,584
Education Technology State Grants	84.318	62,792
Teacher Quality Partnership Grants	84.336	500
Reading First State Grants	84.357	154,633
Rural Education	84.358	9,740
Improving Teacher Quality - State Grants	84.367	154,605
School Improvements Grants	84.377	32,591
ARRA- State Fiscal Stabilization Fund (SFSF) -		
Education State Grants, Recovery Act	84.394	322,213
Total Department of Education Pass-Through		
Programs		<u>2,187,651</u>
Total Department of Education		<u>2,187,651</u>

West Bolivar School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Schedule 1
Page 2

<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 Energy</u>		
Passed-through Mississippi Department of Education.		
CDC_Investigations and Technical Assistance	93.238	<u>9,000</u>
Total U.S. Department of Energy		<u>9,000</u>
Total Expenditures of Federal Awards		<u>\$ 2,870,547</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.

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

Schedule 2

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administrative</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 6,764,375	5,000,038	499,315	642,224	622,798
Other	2,382,875	1,001,283	124,249	2,558	1,254,785
Total	\$ <u>9,147,250</u>	<u>6,001,321</u>	<u>623,564</u>	<u>644,782</u>	<u>1,877,583</u>
Total number of students	882				
Cost per student	\$ <u>10,371</u>	<u>6,804</u>	<u>707</u>	<u>731</u>	<u>2,129</u>

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

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

WEST BOLIVAR SCHOOL DISTRICT

OTHER SUPPLEMENTAL INFORMATION

West Bolivar School District
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund - Last Four Years

	Unaudited			
	2010	2009*	2008*	2007*
Revenues:				
Local sources	\$ 1,363,615	1,219,093	1,239,546	1,208,532
Intermediate sources		43,343		
State sources	3,685,055	4,271,094	4,704,053	4,762,409
Federal sources	136,350	22,346	238,356	66,558
Total Revenue	5,185,020	5,555,876	6,181,955	6,037,499
Expenditures:				
Instruction	3,032,280	3,554,746	3,693,156	3,611,676
Support services	2,161,194	2,207,721	2,384,420	2,026,318
Noninstructional services	17,308	56,811	551,857	18,076
Facilities acquisition and construction			58,005	159,749
Debt service:				
Principal	26,407	35,324	43,537	10,255
Interest	25,411	26,749	18,536	
Total Expenditures	5,262,600	5,881,351	6,749,511	5,826,074
Excess (deficiency) of revenues over expenditures	(77,580)	(325,475)	(567,556)	211,425
Other Financing Sources (Uses)				
Inception of leases			535,804	
Sale of property			9,400	
Transfers in	497,570	536,374		376,758
Transfers out	(323,976)	(261,108)	(178,301)	(361,910)
Total Other Financing Sources (Uses)	173,594	275,266	366,903	14,848
Net Change in Fund Balances	96,014	(50,209)	(200,653)	226,273
Fund Balance:				
July 1,	223,897	274,106	482,668	249,285
Prior period adjustments	682		(7,909)	7,110
July 1, as restated	224,579	274,106	474,759	256,395
June 30,	\$ 320,593	223,897	274,106	482,668

* SOURCE - PRIOR YEAR AUDIT REPORTS

West Bolivar School District
Statement of Revenues, Expenditures and Changes in Fund Balance
All Governmental Funds - Last Four Years

	Unaudited			
	2010	2009*	2008*	2007*
Revenues:				
Local sources	\$ 1,496,809	1,383,095	1,383,212	1,293,621
Intermediate sources		44,343		
State sources	4,322,002	5,016,312	5,380,424	5,509,272
Federal sources	2,863,369	2,261,782	2,710,937	2,671,140
Sixteenth section sources	198,402	224,927	216,794	245,087
Total Revenue	8,880,582	8,930,459	9,691,367	9,719,120
Expenditures:				
Instruction	4,688,701	4,826,203	5,034,310	4,848,028
Support services	3,616,552	3,552,194	3,914,844	3,690,188
Noninstructional services	544,104	650,881	1,212,263	624,514
Sixteenth section	33,515	30,131	27,752	27,695
Facilities acquisition and construction		17,252	78,143	187,131
Debt service:				
Principal	161,407	165,324	163,537	125,255
Interest	102,421	109,789	107,141	93,775
Other	550	585	561	
Total Expenditures	9,147,250	9,352,359	10,538,551	9,596,586
Excess (deficiency) of revenues over expenditures	(266,668)	(421,900)	(847,184)	122,534
Other Financing Sources (Uses)				
Inception of leases			535,804	
Sale of other property			9,400	165
Transfers in	821,546	797,482	386,163	680,171
Transfers out	(821,546)	(797,482)	(386,163)	(680,171)
Other uses				(572)
Total Other Financing Sources (Uses)	0	0	545,204	(407)
Net Change in Fund Balances	(266,668)	(421,900)	(301,980)	122,127
Fund Balance:				
July 1,	993,916	1,417,549	1,726,876	1,595,661
Prior period adjustments	682	0	(7,909)	7,110
July 1, restated	994,598	1,417,549	1,718,967	1,602,771
Increase (decrease) in reserve for inventory	(4,757)	(1,733)	562	1,978
June 30,	\$ 723,173	993,916	1,417,549	1,726,876

* SOURCE - PRIOR YEAR AUDIT REPORTS

WEST BOLIVAR SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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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
West Bolivar School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the West Bolivar School District as of and for the year ended June 30, 2010, which collectively comprise the West Bolivar School District's financial statements and have issued our report thereon dated December 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs, Finding 10-1, to be a material weakness.

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.

West Bolivar School District's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. We did not audit West Bolivar School District's response and, accordingly, we express no opinion on it.

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

Bridgers & Company, P.C.

Bridgers & Company, P.C.

Vicksburg, Mississippi

December 16, 2010

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

Superintendent and School Board
West Bolivar School District

Compliance

We have audited the compliance of the West Bolivar School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The West Bolivar School District's major federal programs are identified in the summary of auditors 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 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, West Bolivar 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 ended June 30, 2010.

Internal Control Over Compliance

The management of the West Bolivar School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered West Bolivar School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 an entity's 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 would not necessarily identify all deficiencies in the internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

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

Bridgers & Company, P.C.

Bridgers & Company, P.C.
Vicksburg, Mississippi
December 16, 2010

WEST BOLIVAR SCHOOL DISTRICT

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

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

Superintendent and School Board
West Bolivar School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the West Bolivar School District as of and for the year ended June 30, 2010, which collectively comprise the West Bolivar School District's basic financial statements and have issued our report thereon dated December 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$ 2,980 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 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.

Bridgers & Company, P.C.

Bridgers & Company, P.C.

Vicksburg, Mississippi

December 16, 2010

WEST BOLIVAR SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

West Bolivar School District

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

Section 1: Summary of Auditor's Results

Financial Statements

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

Federal Awards:

- | | |
|--|---------------|
| 4. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 5. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency identified that are not considered to be material weaknesses? | None reported |
| 6. Any audit finding(s) reported as required by Section ____ 510 of Circular A-133? | No |
| 7. Federal programs identified as major programs: | |
| a. State Fiscal Stabilization Fund (SFSF) - Education
State Grants, Recovery Act
CFDA #84.394 | |
| b. Title I, Part A Cluster:
CFDA # 84.010
CFDA # 84.389 | |
| c. Improving Teacher Quality State Grants
CFDA #84.367 | |
| d. Reading First State Grants
CFDA #84.357 | |
| e. Safe and Drug-Free Schools and Communities State Grants
CFDA #84.186 | |
| 8. The dollar threshold to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as a low-risk auditee? | Yes |
| 10. Prior fiscal year findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____ 315(b) of OMB Circular A-133? | No |

Section 2: Financial Statement Findings

Significant Deficiency - Material Weakness

10-1 Finding

A critical aspect of effective financial management is the maintenance of accurate accounting records. Management does not have personnel that possess the necessary qualifications and training to prepare financial statements and the corresponding notes to financial statements, in accordance with generally accepted accounting principles. This increases the risk that an error in recording and reporting may occur and not be detected.

Recommendation

The District should establish adequate controls and procedures to ensure that financial transactions are recorded, presented and disclosed in accordance with generally accepted accounting principles.

Section 3: Federal Award Findings and Questioned Costs

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

WEST BOLIVAR SCHOOL DISTRICT

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section __.315(b) of OMB Circular A-133m, the West Bolivar School District has prepared and hereby submits the following corrective action plan for the finding included in the Schedule of Findings and Questioned Costs for the Year ended June 30, 2010:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
10-1	<p>a. Name of Contact Person Responsible for Corrective Action:</p> <p style="margin-left: 40px;">Name: Wandra Wade Title: Business Manager Phone: 662-759-3525</p> <p>b. Corrective Action Planned:</p> <p style="margin-left: 40px;">The District has determined that it is not economically feasible, at the present time to hire personnel with the expertise to prepare financial statements in accordance with generally accepted accounting principles. The District will explore other alternatives that may be available to insure that transactions are recorded, presented and disclosed in accordance with generally accepted accounting principles.</p> <p>c. Anticipated Completion Date:</p> <p style="margin-left: 40px;">As soon as possible.</p>