



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

TO: Governmental Entities
FROM: Rodney D. Zeagler, Deputy State Auditor
SUBJECT: Financial Accounting Manuals
DATE: May 13, 2005

Sections 7-7-211 and 37-37-1, Mississippi Code Annotated (1972), require the Office of the State Auditor to prescribe systems of accounting, budgeting and reporting financial facts in conformity with legal requirements and with generally accepted accounting principles for county governments and public school districts of the state. In an effort to meet this responsibility, the Office of the State Auditor has issued financial accounting manuals. The last completely revised manuals were issued in July 2002, with various parts of the public school district manual being revised annually since July 2002.

Sections of the manuals identify various generally accepted accounting principles applicable to the entities. Other sections identify legal requirements applicable to the entities. The manuals also include sections on internal controls related to the entities' operations.

For audit periods beginning on or after January 1, 2003, new *Government Auditing Standards*, issued by Comptroller General of the United States, on auditor independence are effective. One aspect of the new independence standards deals with audit organizations providing nonaudit services to clients. Audit organizations should not provide nonaudit services that involve performing management functions or making management decisions. The new independence standards do allow auditors to advise entity management on issues related to the knowledge and skills of the auditor without impairing the auditor's independence. Auditors may also provide tools and methodologies, such as best practice guides, and internal control assessment methodologies that can be used by management without impairing the auditor's independence. **However, auditors should not make management decisions or perform management functions.**

For audit periods beginning after January 1, 2003, and until revised manuals can be issued, the Office of the State Auditor considers the prescribed financial accounting manuals for county governments and public school districts as providing information based on our technical skills and knowledge about accounting principles, best practices related to internal controls, and state laws that apply to each entity. The decision on how to implement these practices is the decision of the entity's management. While some sections of the manuals are phrased as requirements, the Office of the State Auditor considers these to be tools and best practices to assist the entity's management in developing policies and procedures appropriate for their entity since management is responsible for their adoption and implementation. **Reportable conditions and instances of noncompliance will not be reported for instances in which an entity demonstrates that it has implemented adequate alternative internal controls or acceptable generally accepted accounting principles other than those described in the manuals but, which produce similar acceptable levels of safeguards and reporting accuracy as those identified in the manuals.**



STATE OF MISSISSIPPI
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To: Mississippi Public School District Financial Accounting Manual Users

From: Brent Ballard, Director of Education Audits *BB*

Date: February 15, 2005

The following is a guide to the revisions made to the Financial Accounting Manual for Mississippi Public School Districts. These revisions are effective immediately. An Adobe Acrobat (.pdf) file of the revised pages is available on our website at www.osa.state.ms.us. Once at our website, click on the "Downloads" tab and scroll down to find the file containing the revised pages.

<u>Revised page</u>	<u>Explanation</u>
A-3	removed "expendable trust fund" wording from Special revenue Fund description
A-4	new comment regarding applicability of "Account Groups"
B-33	clarification of 16 th section lease guidance
C-7 through C-10	expanded explanations on journal entries
C-12	clarification on adjustment number 5 – Fiscal agent fees (object code 845)
F-4	changed wording on Donations and Contributions to require deposit of funds upon receipt
G-1	establish 15 year useful life guidance on relocatable buildings
I-2	add fund number 2112 – School Food Fruits and Vegetables Fund
I-6	add last sentence to "Note 2" regarding new School Food Fruits and Vegetables Fund
J-2	removed code 127 – Sixteenth Section Loans Receivable and code 144 – Inventory of Donated Commodities
J-4	removed code 505 – Sixteenth Section Principal Loans Payable
J-6	removed code 127 – Sixteenth Section Loans Receivable explanation
J-7	removed code 144 – Inventory of Donated Commodities explanation
J-8	removed code 505 – Sixteenth Section Principal Loans Payable explanation
K-6	added note of guidance to include the new "Fruits and Vegetables" program revenues with revenue code 4452 – USDA Reimbursement – National School Lunch Program
K-17	added note of guidance to explanation of code 4452 regarding the new "Fruits and Vegetables" program
N-1-2	Included new section C to separately address the "Supplementary Information"

(continued)

Revised page

Explanation

- N-1-4 new note 7 to address the newly-required Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds
- N-2-1 removed note references; also added “Deferred charges” to enable capitalization and amortization of bond issuance costs if significant or material
- N-2-2 and N-2-3 added code 105 to include as Restricted assets for Sixteenth section principal funds, MAEP funds and QZAB funds
- N-2-5 and N-2-6 Interest and other charges related to long-term liabilities – change guidance for expenses to functional codes 6110-6199; object codes 830, 845, 848 and 849
- N-2-7 removed note references; also added to the Fund Balances – reserved for: a line item for Capital projects fund and Debt service fund to account for funds which are legally restricted and not available for spending for any other purpose
- N-2-8 removed note references; also changed reconciling items to those most commonly encountered
- N-2-9 removed note references
- N-2-10 removed note references; also changed reconciling items to those most commonly encountered
- N-2-12 removed note references
- N-3-5 revised note 1.I. to address 15 year useful life for relocatable buildings
- N-3-7 added definitions for Fund balance - reserved for capital projects fund and debt service fund
- N-4-1 remove note references from Budgetary Comparison Schedule
- N-5-1 new programs/CFDA numbers added to the Schedule of Expenditures of Federal Awards as follows:
- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------|--------|
| Food donation | 10.550 |
| Special milk program for children | 10.556 |
| Troops to teach | 12.XXX |
| Employment services and job training pilot and demonstration programs | 17.249 |
| Safe and drug free schools and communities national programs | 84.184 |
| Byrd honors scholarships | 84.185 |
| Bilingual education: state grant program | 84.194 |
| Fund for the improvement of education | 84.215 |
| Foreign language assistance | 84.293 |
| Even start - statewide family literacy program | 84.314 |
| Special education technical assistance and dissemination to improve services and results for children | 84.326 |
| Advanced placement program | 84.330 |
| Teacher quality enhancement grants | 84.336 |
| Transaction to teaching | 84.350 |
| Mathematics and science partnerships | 84.366 |
| Cooperative agreements to support comprehensive school health programs to prevent the spread of HIV and other important health programs | 93.938 |
| Planning and program development grants | 94.007 |
- N-6-1 added newly required Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds
- P-2 added Commercial drivers license reference
- P-3 Deficit fund balance applies to any fund
- P-4 added Investment – allocation of interest earned

Recognizing revenue under both methods of accounting normally results in recording certain receivables (assets). These receivables consist of the uncollected but realized portions of the related revenue recognized for the current period.

A liability account (deferred revenue) results for certain cash and asset transactions when they are measurable but not yet earned. Cash received in advance and assets such as donated commodities received and valued under the consumption method of inventory valuation are reported as deferred revenue (liability account) in these cases. The revenue is recognized when these type transactions have met both the measurable and earned criterion.

Fund Accounting

Governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds and account groups shall be used by Mississippi public school districts:

Governmental Funds

General Fund - to account for all financial resources except those required to be accounted for in another fund.

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

Capital Projects Funds - to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

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

Permanent Funds - to account for assets held by the governmental unit where only the earnings the assets generate may be used by the governmental unit.

Proprietary Funds

Enterprise Funds - to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds

Agency Funds - to account for resources held by a governmental unit on a temporary, purely custodial basis.

Private Purpose Trust Funds - to account for resources held by the governmental unit for others that cannot be used to support the entities operations.

Account Groups

Since the issuance of GASB Statement 34 and the resulting financial reporting requirements, the General Fixed Asset Account Group and the General Long-term Debt Account Group are no longer necessary for proper financial statement presentation. However, some of the software providers may still utilize various components of the old "account group" coding structure to facilitate the preparation of the district-wide financial statements. Therefore, the references throughout the manual to these account groups have not been removed, but are intended only to provide general guidance on necessary accounting entries relating to capital asset and long-term debt accounting with the understanding that these account groups are no longer required for presentation.

BB. Accounting for Sixteenth Section Leases

- A. A ten year sixteenth section surface lease contract was signed with yearly payments of \$1,000. The lessee paid \$10,000 at the signing of the lease. The lease transactions for this situation would be recorded as follows:

1.	The first year:	<u>Debit</u>	<u>Credit</u>
	Cash	\$10,000	
	Surface leases (Revenue code 5110)		\$10,000

2. The second year and following:

"No entry would be required. Under the modified accrual basis of accounting revenues are recognized when they are both measurable and available."

- B. A ten year sixteenth section surface lease contract was signed with yearly payments of \$1,000. The lessee paid \$1,000 at the signing of the lease and intentions are to make yearly payments as scheduled in the lease agreement. The lease transactions for this situation would be recorded as follows:

1.	The first year:	<u>Debit</u>	<u>Credit</u>
	Cash	\$1,000	
	Surface leases (Revenue code 5110)		\$1,000

- C. Sixteenth section surface leases which are past due at June 30, 200X should be recorded as a receivable if they are expected to be received within sixty days of end of the fiscal year. Assuming the district is due \$40,000 for past due leases and 15,000 is expected to be received within 60 day the following entry should be made:

Sixteenth section lease receivable	15,000	
Surface leases (Revenue code 5110)		15,000



The following entries would be made in the applicable Governmental Fund Type fund(s) to record the transactions:

1988 G.O. Bonds Debt Service Fund (or 1988 G.O. Bonds Refunding Debt Service Fund) -

<u>May 31, 200X</u>	<u>Debit</u>	<u>Credit</u>
1. Cash	\$ 84,251	
Payment to refunded bond escrow agent	\$2,277,500	
Proceeds of refunding bonds		\$2,355,000
Due to other funds (200X G.O. Bonds Debt Service Fund)		\$ 6,751
To record proceeds of Refunding Bonds and payment to escrow agent		

June 17, 200X

2. Expenditures - debt service - other	\$ 77,500	
Due to other funds (200X G.O. Bonds Debt Service Fund)	\$ 6,751	
Cash		\$ 84,251
To payment of bond issuance cost and amount due 200X G.O. Bond Debt Service Fund for accrued interest		

200X G.O. Bonds Debt Service Fund -

May 31, 200X

3. Due from other funds (1988 G.O. Bonds Debt Service Fund)	\$ 6,751	
Other payables		\$ 6,751
To record amount due from 1988 G.O. Bonds Debt Service fund		

June 17, 200X

4. Cash	\$ 6,751	
Due from other funds (1988 G.O. Bonds Debt Service Fund)		\$ 6,751
To record receipt of funds due from the 1988 G.O. Bonds Debt Service Fund		

November 1, 200X

5. Other payables (Accrued Interest)	\$ 6,751	
Expenditures - Debt service - interest	\$ 54,852	
Cash		\$ 61,603
To record payment of interest		

General Long-term Debt Account Group:

6.	G. O. bonds payable(1988 issue)	\$2,175,000	
	Amount to be provided for ret. of GLTD	\$ 180,000	
	G. O. bonds payable (200X)		\$2,355,000
	To remove defeased debt and record G.O. refunding bonds payable		

F. MAEP Funds

[NOTE: The following adjustment should be recorded by the district if any or all the amount allowed to be pledged for the repayment of debt obligations through the MAEP Funding source was pledged. All other MAEP Funds received should be recorded in the 2010 - Interim Capital Expenditures Fund.]

Assume: The trust department of a banking institution will be handling transactions associated with this debt. All state funds pledged for debt repayment from MAEP Funding is sent directly to the banking institution which will repay the debt. The bank statements from the banking institution have the following information reported at June 30, 200X. The debt instrument was a Limited Obligation Bonds Payable issued for building purposes in the amount of \$5,000,000. The district has not recorded any transaction for this situation.

Cash		\$ 500	
Investments		\$ 25,000	
State MAEP Funds Received		\$200,000	
Interest Earned		\$ 1,500	
Service Fees		\$ 250	
Principal Payments		\$ 75,000	
Interest Payments		\$ 90,000	

<u>Adjustment #1 Fund: MAEP Retirement fund (4041 - 4049)</u>	<u>Debit</u>	<u>Credit</u>
Cash with fiscal agent	\$201,500	
MAEP funds (State Revenue)		\$200,000
Interest (Local Revenue)		\$1,500
To record revenue and interest		
Principal (Expenditure)	\$ 75,000	
Interest (Expenditure)	\$ 90,000	
Service Fees (Expenditure)	\$ 250	
Cash with fiscal agents		\$ 165,250
To record principal, interest and paying agent fees		
Investments	\$25,000	
Cash with fiscal agent		\$ 25,000
To reclassify investments per investment statements		

Please note that the \$11,250 excess of revenues over expenditures would be closed to the fund balance.

Adjustment #2:

General Long - Term Debt Account Group

Amount to be provided for Retirement of General Long-Term Debt	\$5,000,000	
Limited obligation bonds payable		\$5,000,000

[NOTE: To record the debt issued]

Adjustment # 3:

General Long - Term Debt Account Group

Limited obligation bonds payable	\$ 75,000	
Amount to be provided for Retirement of General Long-Term Debt		\$ 75,000

[NOTE: To record yearly principal payment]

G. Construction in Progress

Assume: A new addition (no renovations or remodeling) to the high school has been approved in the amount of \$5,000,000. A capital projects' fund received the proceeds and all payments will be made from this same fund. A contract was signed and work began in March 200X. Payments of \$750,000 have been made through June 30, 200X. Work completed to date, as certified by the architect on the billings, amount to \$1,150,000 as of June 30, 200X. A 10% Retained Percentage is required. The Architect has a signed contract for 6% of the construction contract.

Capital Projects Fund - (3000's)

Adjustment # 1:

	<u>Debit</u>	<u>Credit</u>
Facilities Acquisition and Construction Services	\$750,000	
Cash		\$750,000

Adjustment # 2:

Facilities Acquisition and Construction Services	\$424,000	
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[NOTE: Construction \$400,000 and \$24,000 for architect fees]

Construction Contracts Payable		\$285,000
Retained Percentage Payable		\$115,000
Claims Payable <i>[NOTE: for 6% Architect Fee due]</i>		\$ 24,000

General Fixed Assets Account Group:

Adjustment # 3:

Construction in Progress	\$1,174,000	
Investment in General Fixed Assets		\$1,174,000

[NOTE: Includes \$750,000 and \$424,000]

H. Qualified Zone Academy Bonds Payable

Assume: The school district has entered into an agreement with a lending institution that qualified the debt obligation to be classified as Qualified Zone Academy Bonds Payable. Proceeds of \$1,000,000 issued under the three-mill debt authority were received and placed in a Capital Projects Fund. All requirements surrounding this situation have been met. The agreement with the lending institution requires the district to remit \$100,000 each year for 10 years. These remittances are held in trust for ten years and then the trust department will pay the debt obligation, in total, at that time. Each remittance is due by June 30. As part of the requirements a local business has agreed to contribute \$25,000 in cash each year to help satisfy the debt obligations.

Adjustment # 1:

<u>Debt Service Fund - Three mill note fund (fund #'s - 4021-4029)</u>	<u>Debit</u>	<u>Credit</u>
Payment to Qualified Zone Academy Debt Escrow Agent	\$100,000	
Cash and other deposits		\$100,000

[Note: To record payment of yearly transfer to the lending institution. This fund should be used to account for the tax revenue received from the three-mill note levy.]

Adjustment # 2:

<u>Debt Service Fund - QZAB Debt Retirement Fund (Fund #'s -4091-4999)</u>		
Cash with fiscal agent	\$100,000	
Payment to Escrow Agents (Other Financing Source)		\$100,000

[Note: To record payment of yearly transfer to the lending institution. These funds are held by the trust department, but should be considered the district's funds.]

Adjustment # 3:

<u>Debt Service Fund - Three-mill note fund (fund #'s - 4021-4029)</u>		
Cash with fiscal agent	\$25,000	
Contributions and donations from private sources(Local Sources Revenues)		\$25,000

[Note: To record the contribution from the local business.]

Adjustment # 4:

Debt Service Fund - QZAB Debt Retirement Fund (Fund #'s -4091-4999)

[NOTE: This adjustment will depend on the bank statement information as of June 30 of each fiscal year. Information should be reviewed to determine what accounts will be affected. The trust department may keep some of the funds in cash. If so, that amount would remain as "Cash with fiscal agent".]

Investments	\$125,000	
Cash with fiscal agent		\$125,000

[NOTE: The trust account bank statement note money is in T-Bills, U.S. Treasury Notes or other investments.]

Adjustment # 5:

Debt Service Fund - QZAB Debt Retirement Fund (Fund #'s -4091-4999)

Fiscal agent fees (object code 845)	\$ 300	
Cash with fiscal agent	\$2,200	
Interest		\$2,500

[NOTE: To record noted bank service charges and interest earned for the fiscal year ending June 30.]

Adjustment # 6:

General Long - Term Debt Account Group

	<u>Debit</u>	<u>Credit</u>
Amount Available in Debt Service Funds	\$ 127,200	
Amount to be Provided for Retirement of GLTD	\$ 872,800	
Qualified Zone Academy Bonds Payable		\$1,000,000

[NOTE: The total amount of debt remains for ten years or until actual debt is repaid by the trust department of the lending institution. The amount available would change each year end to account for funds held by the trust account.]

NOTE: The amount reported as cash w/ fiscal agents for QZABs should be reported as restricted assets in the Governmental wide financial statements (Exhibit A)

Receipts

The local school shall document the receipt of local activity funds. A three-part receipt will be issued by the principal's office for all funds received. The person remitting the money will be given the original copy, the second copy will be remitted to the central office and the third copy will remain in the receipt book and become a permanent record at the local school. The receipts must be contained in a permanent receipt book where the receipts are bound and pre-numbered. It is permissible to use an automated system to document receipts provided there is an adequate system of controls. The receipt must contain sufficient information to adequately account for the transaction. At a minimum, the receipt will contain the date, name of remitter, amount of remittance, type of payment (cash or check), description and the financial accounting code.

Teachers who collect money from students must account for and document the funds collected. Teachers are required, at a minimum, to list those students that have paid money and the amount of money paid by the students. A copy of the list must be submitted by the teacher to the principal's office along with the money collected from the students. The principal's office will issue a receipt to the teacher. The principal's office will cross-reference the list of students to the receipt issued to the teacher. The principal must maintain a copy of the list of students on file at the local school.

The monies collected by local school clubs will be remitted to the principal's office either by the club sponsor or a member of the school club. The principal's office will be required to issue a three-part receipt for the monies received.

Monies collected by the principal's office for extracurricular activities must be receipted using a three-part receipt.

The deposit slip must indicate the receipt number(s) and corresponding amount(s) for the deposit being made.

The school board should adopt a policy regarding the amount of money that may remain on hand at the local school without being deposited. This office recommends that the amount be kept to an absolute minimum.

Disbursements

The disbursement of all activity funds must be made using pre-numbered checks. All expenditures must be accounted for with invoices or other documentation pertaining to the transaction. Only individuals authorized by the school board may sign checks on local activity fund bank accounts. There must be an accounting of all pre-numbered checks issued.

Reporting

No later than five working days after the close of the month, the principal will deliver to the central office a transmittal report of all activity fund transactions for the preceding month.

Under a decentralized accounting system, the transmittal report shall contain a listing of receipts and disbursements for all local school activity funds, including club funds. The listing will include each receipt and check issued during the month. Under a centralized accounting system, the transmittal report will contain a listing of all receipts issued during the month. The transmittal report will also contain other pertinent information for each transaction, such as date, receipt number, check number, description and the financial accounting code. Along with the transmittal report, the principal is required to submit to the central office copies of all receipts issued and invoices and statements for which disbursements were made. The central office will be responsible for reviewing the transmittal report for accuracy and completeness and entering the information in the financial accounting system. This information will be used by the central office to reconcile the bank statements.

The school board is required by law to approve the transactions of the local school activity funds. This approval must be documented in the school board minutes.

Purchasing

All local school activity fund expenditures made from funds classified as a General Fund are subject to the state purchase laws. Expenditures made by funds classified as Club Funds are not subject to the state purchase laws. To circumvent this requirement by intentionally misclassifying a General Fund to a Club Fund will result in a violation of state law.

The school board should establish and adopt a procurement policy for local school activity funds. The policy must provide guidance on the types of purchases allowed from local school activity funds. The procurement policy must require the use of purchase requisitions, purchase orders, and receiving reports at the local school. The system of procurement must contain procedures designed to provide adequate controls to insure compliance with this section, state purchase laws and school board policy. Purchase orders must be pre-numbered and there must be an accounting of all purchase orders.

Extracurricular Events

The school board should develop and adopt a policy that establishes the amounts charged by the local schools for admission to extracurricular activity events. The policy should include football games, basketball games, baseball games and other similar extracurricular activity events. In the absence of a school board policy, the school principal does not have the authority to set admission charges for extracurricular activity events.

Pre-numbered tickets shall be used at all extracurricular events for which a fee is charged for admission and it is anticipated that the event will generate gross receipts of more than \$100. The school board must adopt a policy regarding the use of and accounting for pre-numbered tickets. The policy must contain procedures designed to provide adequate controls to insure compliance with board policy. The principal will be required to account for all tickets by completing a School Event Receipt Form (page F-14 of this section).

Donations and Contributions

The school board should develop and adopt policies on the accepting of donations and contributions from citizens and businesses. The policy must state that all donations and contributions will be considered public funds and will be accounted for as are other public funds. The school board may adopt policies and procedures that permit the local school principal to accept donations and contributions that are at or below a stated amount as established by the school board. Donations and contributions that are greater than \$500.00 shall be formally submitted to the school board for acknowledgment and acceptance. All donations shall be deposited in a timely manner upon receipt. The school board must recognize in the official minutes the donee or contributor, the amount, and the purpose for which the money was donated, if any. The superintendent will make appropriate budgetary amendments and transfers the donation to the local school if deemed appropriate by the school board.

SECTION G **CAPITAL ASSETS**

Public school districts are required to establish and maintain a system of accountability for their capital assets. School districts are required to develop certain policies and to establish and implement control procedures to implement those policies so that there is a high degree of certainty that the policies are being carried out as intended by the school board.

Required Policies

Each public school district shall establish the following policies for its capital assets. It is imperative that the school district develop adequate procedures to implement these policies.

Valuation:

The school district must have a policy that addresses the valuation of its capital assets. The policy must state that all purchased assets will be valued at historical cost or estimated historical cost. The policy must also state that all donated assets will be valued at fair market value at the time of donation.

Capitalization:

The school district must have a capital asset capitalization policy. At a minimum, the policy must state that the school district will capitalize all assets with a useful life of greater than one year and with a historical cost of at least \$500.00 and all highly walkable items. Highly walkable items will, at a minimum, include all televisions, video cassette recorders, cellular telephones, radio equipment and overhead projectors. This is not an all inclusive list.

Depreciation:

The school district must have a policy on depreciating capital assets. Generally accepted accounting principles require depreciation of capital assets. Depreciation is the process of allocating a portion of the historical cost to each year of an asset's useful life. This office requires that you use the straight-line method of depreciation for these assets. The straight-line method of depreciation is calculated by allocating the historical cost less the residual or salvage value of the asset over the useful life in equal annual portions.

Capitalization Thresholds:

Land	0
Buildings	\$50,000
Building Improvements	\$25,000
Improvements Other Than Buildings	\$25,000
Mobile Equipment	\$ 5,000
Furniture and Equipment	\$ 5,000
Leased Property Under Capital Leases	(*)
Construction in Progress	0
(*) Follows the threshold of the related capital asset.	

Useful Lives:

Buildings	40 years*
Building Improvements	20 years
Improvements Other Than Buildings	20 years
Mobile Equipment	

* 15 years for relocatable buildings

Cars and Trucks	5 years
Buses and Vans	10 years
Heavy Outdoor Equipment	7 years
Furniture and Equipment	
Computer Equipment	3 years
Other Furniture and Equipment	7 years
Leased Property Under Capital Leases	(*)

(*) Follows the useful life of the related capital asset.

Note: Capital assets are to be depreciated using the straight-line method of depreciation. A full year's depreciation expense should be taken for all purchases and sales of capital assets during the fiscal year.

<u>Salvage Values:</u>	
Buildings	20 % of cost
Building Improvements	20 % of cost
Improvements Other Than Buildings	20 % of cost
Mobile Equipment	
Cars and Trucks	10 % of cost
Buses and Vans	10 % of cost
Heavy Outdoor Equipment	10 % of cost
Furniture and Equipment	
Computer Equipment	1 % of cost
Furniture and Other Equipment	1 % of cost
Leased Property Under Capital Leases	(*)

(*) Follows the salvage value of the related capital asset.

Interest Capitalization:

The school district must have a policy on the capitalization of interest on acquired assets. Currently, generally accepted accounting principles do not require the capitalization of interest expense on general capital assets. This office recommends that your policy indicate that you do not intend to capitalize interest unless required to do so by GAAP.

SECTION I**FUND AND ACCOUNT GROUP CODES**

The following four digit fund and account group codes will identify the fund types, individual funds or account groups that are to be used by all school districts of the State of Mississippi. The individual fund and account group code numbers assigned should not be changed or altered. Only funds assigned a range of code numbers will allowances be made for the school district to add individual funds to meet that school district's needs.

<u>Code</u>	<u>Fund Type</u>	<u>Individual Funds</u>
<u>GOVERNMENTAL FUND TYPES:</u>		
GENERAL FUND		
1120		District Maintenance Fund
1130		Special Education Fund
1140		Alternative School Fund
1151	through 1899	General Activity Funds
1901	through 1999	User Defined General Funds

SPECIAL REVENUE FUNDS

Special Statute Funds

2001		Uniform Millage Assistance Grant Program Fund (<i>Note 1</i>)
2002		Education Reform Act Fund
2003		Asbestos Inspection Fund
2004		Asbestos Removal Fund
2010		Interim Capital Expenditures Fund
2040		Level 1 Accreditation Grant Fund
2060		Title III - Goals 2000, Educate America Act Fund
2070		Technology in the Classroom Fund
2080		Technology Literacy Challenge Fund
2090		Extended School Year

Child Nutrition Funds

2110		School Food Service Fund <i>(Note 2)</i>
2111		Child and Adult Care Food Program Fund <i>(Note 2)</i>
2112		School Food Fruits & Vegetables Fund <i>(Note 2)</i>
2129		Summer Food Service Fund - 1999 Calendar Year <i>(Note 3)</i>
2120		Summer Food Service Fund - 2000 Calendar Year <i>(Note 3)</i>
2121		Summer Food Service Fund - 2001 Calendar Year <i>(Note 3)</i>
2122		Summer Food Service Fund - 2002 Calendar Year <i>(Note 3)</i>
2123		Summer Food Service Fund - 2003 Calendar Year <i>(Note 3)</i>
2124		Summer Food Service Fund - 2004 Calendar Year <i>(Note 3)</i>
2125		Summer Food Service Fund - 2005 Calendar Year <i>(Note 3)</i>
2191	through 2199	Other Child Nutrition Program Funds

Title I Funds

2210		Title I - Low Grant Funds (Regular & Carryover)
2211		Title I -A Basic FYE - 2003
2215		Title I - B-3 Reading First FYE - 2003
2220		Title I - Even Start Funds (Regular & Carryover)
2221		Title I - B-3 Even Start Funds FYE - 2003
2230		Title I - Handicapped Fund (Regular & Carryover)
2240		Title I - Program Improvement Fund
2250		Title I - Capital Expense Private Schools Fund
2255		Title I - Coop Funds for Private Schools
2260		Title I - Migrant Fund
2261		Title I - Migrant Fund - Direct Services
2262		Title I - C Migrant FYE - 2003
2270		Title I - D Neglected and Delinquent FYE - 2003
2280		Title I - F Comprehensive School Reform FYE - 2003
2290		Consolidated Administrative Cost Fund

3021	through	3099	Building Project Funds (Local Funds)
3901	through	3999	Other Capital Projects Funds

DEBT SERVICE FUNDS

[NOTE: Individual funds should be established for each individual debt issuance.]

4011	through	4019	Shortfall Notes Retirement Funds
4021	through	4029	Three Mill Notes Retirement Funds
4031	through	4039	Bond Issues Retirement Funds
4041	through	4049	MAEP Retirement Funds
4091	through	4999	Other Debt Retirement Funds

PERMANENT FUNDS

7211	through	7289	Sixteenth Section Principal Funds
7291	through	7299	Other Non-expendable Trust Funds (Note 6)

PROPRIETARY FUND TYPES:

ENTERPRISE FUNDS

5011	through	5099	Enterprise Funds
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INTERNAL SERVICE FUNDS

6011	through	6099	Internal Service Funds
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FIDUCIARY FUND TYPES:

AGENCY FUNDS

7320	through	7380	Club Funds
7310			Payroll Clearing Fund
7500			Accounts Payable Clearing Fund

7900 through 7999

Other Agency Funds

PRIVATE PURPOSE TRUST FUNDS

7401 through 7450

Other Private Purpose Funds (*Note 7*)

ACCOUNT GROUPS:

8000 GENERAL FIXED ASSETS ACCOUNT GROUP

9000 GENERAL LONG-TERM DEBT ACCOUNT GROUP

Note 1: The Uniform Millage Assistance Grant Program Fund is to be used to account for both the Regular Equity Funding portion (revenue code #3260) and the Education Enhancement Fund portion (revenue code #3210) of the revenues received under the Uniform Millage Assistance Grant Program.

Note 2: The school food service fund is to be used to account for food distribution (CFDA #10.550), the school breakfast program (CFDA #10.553), the national school lunch program (CFDA #10.555). Fund #2111 should be used to account for the child and adult care food program (CFDA #10.558). *Fund #2112 should be used to account for fruits & vegetables under the national school lunch program (CFDA #10.555).*

Note 3: A separate fund must be used to account for the summer food service program (CFDA #10.559). It cannot be accounted for as part of the school food service fund.

Note 4: The EEF - textbooks and other educational materials' fund is to be used to account for both the Education Enhancement Fund (revenue function code #3210) and the textbook funds (revenue function code #3215).

Note 5: All yearly revenues from the noted federal sources will be reported within this fund number from this revised printing forward.

Note 6: Funds established to report resources legally restricted so that only the earnings they generate, and not the resources themselves, may be used. This would include endowments where only the interest earned from the principal amount given would be expended.

Note 7: Funds established to report resources held for others in a trust capacity. This would include endowments held for scholarships where the total amount will be expended.

SECTION J**BALANCE SHEET CODING**

The balance sheet is a basic financial statement that reports assets and other debits, liabilities and fund equity and other credits. It is prepared at the end of a fiscal year (June 30) and shows a school district's resources and claims against those resources. The balance sheet can be presented on combined, combining or an individual fund basis. For financial reporting purposes, the school district will prepare a combined balance sheet.

The combined balance sheet will be divided into three categories consisting of assets and other debits, liabilities and fund equity and other credits. Only the current expendable financial resources and the related liabilities should be included in the balance sheet for Governmental and Fiduciary Fund Types. The capital assets and long-term liabilities will be reported in the General Fixed Assets Account Group and the General Long-term Debt Account Group, respectively. The balance sheet for Proprietary Fund Types will contain classifications similar to those for a business enterprise (current assets, capital assets, current liabilities, long-term liabilities, retained earnings, etc.). The fund equity segregation indicates the amount of resources "reserved" and the amount "designated." A reserved fund balance is legally restricted or segregated for future use, while a designated fund balance shows the school district's tentative plans for future resource use. The remaining unreserved, undesignated fund balance is the amount uncommitted and available for any legally authorized use.

No additional codes are allowed for reporting purposes. Expansions of any Section J codes would be per the discretion of the individual school district. For reporting purposes, all expanded Section J codes must be collapsed back into the code expanded from.

For example:

101 Cash and Other Deposits

The school district decides to expand this code to the following:

101	Cash and Other Deposits
102	Petty Cash
103	Cash for Athletics
104	Cash for School Lunch Program

At the end of the fiscal year and before any reports are prepared the school district must collapse these expanded codes back into code 101. If they are **NOT** collapsed, the reports generated for MSIS will be rejected.

Expansions of Section J codes would require the school district's records to generate subtotals for each expanded Section J code and an overall total of the code expanded from. The school district's records must have the capability of generating an individual transaction history file for each listed Section J code, whether expanded or not.

BALANCE SHEET ACCOUNT CODES:

Code Account

ASSETS AND OTHER DEBITS:**ASSETS**

101	Cash and Other Deposits
105	Cash With Fiscal Agents
111	Investments
121	Due From Local Sources
122	Due From State Sources
123	Due From Federal Sources
124	Accrued Interest Receivable
125	Other Receivables
126	Bond Proceeds Receivable
128	Sixteenth Section Lease Receivable
130	Allowance for Doubtful Accounts
131	Due From Other Funds
132	Advances to Other Funds
134	Mississippi School Boards Association Cash Flow Management Program Assets
141	Inventory of Supplies
142	Inventory of Stores for Resale
143	Inventory of Food
151	Prepaid Items

OTHER DEBITS

152	Amount to Be Provided for Retirement of General Long-term Debt
154	Amount Available in Debt Service Fund

CAPITAL ASSETS

- 201 Land
- 211 Buildings
- 212 Building Improvements
- 221 Improvements Other Than Buildings
- 231 Mobile Equipment
- 241 Furniture and Equipment
- 251 Leased Property Under Capital Leases
- 261 Construction in Progress
- 290 Accumulated Depreciation

BUDGETING ACCOUNTS

- 301 Estimated Revenues

LIABILITIES:

- 401 Claims Payable
- 402 Judgments Payable
- 411 Construction Contracts Payable
- 412 Retained Percentage Payable
- 421 Performance Bonds Payable
- 431 Accrued Payroll
- 432 Salary Benefits Payable
- 433 Salary Withholdings Payable
- 436 Due to Student Clubs
- 441 Due to Other Funds
- 442 Advances From Other Funds
- 451 Deferred Revenue
- 461 Other Payables
- 480 Revenue Anticipation Notes Payable

LONG-TERM DEBT

- 501 General Obligation Bonds Payable
- 502 Certificates of Participation Payable
- 503 Three Mill Notes Payable
- 504 Transportation Notes Payable

- 506 Shortfall Notes Payable
- 507 Obligations Under Capital Leases
- 508 Installment Purchases Loans Payable
- 509 Other Loans Payable
- 510 Limited Obligation Bonds Payable
- 512 Obligations Under Energy Efficiency Leases
- 513 Qualified Zone Academy Bonds (Loans) Payable
- 514 Judgements Payable
- 551 Compensated Absences Payable

BUDGETARY ACCOUNTS

- 601 Appropriations
- 602 Encumbrances

FUND EQUITY AND OTHER CREDITS:

OTHER CREDITS

- 701 Investment in Capital Assets

FUND EQUITY

- 711 Retained Earnings/Unreserved
- 721 Reserved for Investments
- 722 Reserved for Unemployment Benefits
- 723 Reserved for Forestry Improvements
- 724 Reserved for Advances
- 725 Reserved for Capital Improvements
- 726 Reserved for Endowments
- 727 Reserved for Debt Service
- 728 Reserved for Encumbrances
- 729 Reserved for Inventory
- 730 Reserved for Prepaid Items
- 731 Reserved for Ad Valorem
- 732 Reserved for Other Commitments
- 733 Reserved for Arbitrage Commitments
- 741 Unreserved/Designated
- 751 Unreserved/Undesignated
- 752 Budgetary - Estimated Revenues
- 753 Budgetary/Reserved for Encumbrances

Code **Descriptions and Definitions**

101	<u>Cash and Other Deposits</u> - Non-interest and interest-bearing demand accounts and time certificates of deposit with a bank or savings and loan institution. This account will also include cash on hand, petty cash and change cash.
105	<u>Cash With Fiscal Agents</u> - Deposits with fiscal agents, such as commercial banks, for paying matured bonds and interest. This account would also include all funds transferred to the a trust account that will be held for payment of debt at a future date. <i>[NOTE: Does not include funds transferred for a defeasance of debt.]</i>
111	<u>Investments</u> - Securities (except bank demand deposits and certificates of deposit) held for the production of revenues in the form of interest or dividends.
121	<u>Due From Local Sources</u> - An asset account reflecting amounts due to the Local Educational Agency (LEA), except interest, that are classified as local sources in the revenue accounts.
122	<u>Due From State Sources</u> - An asset account reflecting amounts due to the LEA that are classified as state sources in the revenue accounts.
123	<u>Due From Federal Sources</u> - An asset account reflecting amounts due to the LEA that are classified as federal sources in the revenue accounts.
124	<u>Accrued Interest Receivable</u> - An asset account reflecting the amount of interest earned on cash and other deposit accounts and/or investment accounts not received by the LEA.
125	<u>Other Receivables</u> - An asset account reflecting amounts due to the LEA, but not received, that are not required to be recorded in another account.
126	<u>Bond Proceeds Receivable</u> - An asset account reflecting the amount of bonded debt proceeds available but not received by the LEA.
130	<u>Allowance for Doubtful Accounts</u> - A valuation account used to indicate the portion of receivables which is estimated to be uncollectible.
131	<u>Due From Other Funds</u> - An asset account reflecting amounts owed to one fund by another fund within the LEA. This account includes only short-term obligations.
132	<u>Advances to Other Funds</u> - An asset account reflecting amounts owed to one fund by another within the LEA. This account includes only long-term obligations. <i>[NOTE: Long-Term means due passed 12 months.]</i>
134	<u>Mississippi School Boards Association Cash Flow Management Program Assets</u> - An asset account used for amounts held on behalf of the school district as a participant in the MSBA cash flow management program.
141	<u>Inventory of Supplies</u> - An asset account which reflects the cost of supplies on hand for use in operations.
142	<u>Inventory of Stores for Resale</u> - An asset account which reflects the cost of goods held for resale rather than use in operations.
143	<u>Inventory of Food</u> - An asset account which reflects the cost of purchased food on hand for use in the food service operations.

151	<u>Prepaid Items</u> - An asset account reflecting charges entered in the accounts for benefits not yet received. <i>[NOTE: Examples of prepaid items are prepaid rent, prepaid interest and unexpired insurance premiums.]</i>
152	<u>Amount to Be Provided for Retirement of General Long-term Debt</u> - An "other debit" account in the General Long-term Debt Account Group which represents the amount to be provided from tax levies or other revenue sources to liquidate general long-term debt liabilities.
154	<u>Amount Available in Debt Service Fund</u> - An account in the General Long-term Debt Account Group that represents available funds held by the LEA for the retirement of general long-term debt liabilities.
201	<u>Land</u> - A capital asset account that reflects the acquisition cost of land owned by the LEA.
211	<u>Buildings</u> - A capital asset account reflecting the acquisition and major improvement cost of permanent structures, such as school buildings, administrative buildings, athletic field houses, gymnasiums, and portable classrooms, owned by the LEA.
212	<u>Building Improvements</u> - A capital asset account reflecting the acquisition of major heating and cooling units, major renovation projects such as the removal and replacement of a roof. This asset would have a estimated useful life of 20 years but not 40 as would be for buildings.
221	<u>Improvements Other Than Buildings</u> - A capital asset account reflecting the acquisition cost of athletic fields, lighting, bleachers, and other similar improvements that cannot be directly associated with a particular building.
231	<u>Mobile Equipment</u> - A capital asset account reflecting the acquisition cost of all school buses, automobiles, trucks and vans. This account will also include all large lawn maintenance equipment, tractors, etc.
241	<u>Furniture and Equipment</u> - A capital asset account reflecting the acquisition cost of furniture and equipment owned by the LEA.
251	<u>Leased Property Under Capital Leases</u> - A capital asset account reflecting the original acquisition cost of property purchased capital lease contracts.
261	<u>Construction in Progress</u> - A capital asset account reflecting accumulated capitalized cost of construction projects not completed at fiscal year end.
290	<u>Accumulated Depreciation</u> - A contra-asset account used to record the accumulation of periodic credits made to record the expiration of the estimated service life of capital assets.
301	<u>Estimated Revenues</u> - The amount of revenues estimated to be received or to become receivable during the fiscal period. At the end of the fiscal period, the account is closed out and does not appear on the balance sheet. This account would appear in interim financial statements.
401	<u>Claims Payable</u> - A liability account reflecting obligations for goods and services received by the LEA for which payment has not been made.

Code	Descriptions and Definitions	Revised 2/1/2005
402	<u>Judgments Payable</u> - A current liability account reflecting amounts owed as a result of court decisions, including condemnation awards for private property taken for public use.	
411	<u>Construction Contracts Payable</u> - A liability account reflecting amounts due on contracts for construction of buildings and other improvements.	
412	<u>Retained Percentage Payable</u> - A liability account reflecting amounts due on construction contracts for that portion of the work which has been completed but on which part of the liability has not been paid pending final inspection or lapse of a specified time period, or both. The unpaid amount is usually a stated percentage of the contract price.	
421	<u>Performance Bonds Payable</u> - A liability account reflecting amounts due to outside entities for bonds deposited that are due upon vendor performance.	
431	<u>Accrued Payroll</u> - A liability account reflecting the net amounts due to employees.	
432	<u>Salary Benefits Payable</u> - A liability account reflecting the employer matching amounts of benefits due to state agencies, federal agencies and other outside entities.	
433	<u>Salary Withholdings Payable</u> - A liability account reflecting employee salary and wage withholdings due to state agencies, federal agencies and other outside entities.	
436	<u>Due to Student Clubs</u> - A liability account reflecting amounts due to student clubs.	
441	<u>Due to Other Funds</u> - A liability account reflecting amounts owed by one fund to another fund in the same government for goods sold or services rendered. These amounts include only short-term obligations on open account and not noncurrent portions of long-term loans.	
442	<u>Advances From Other Funds</u> - A liability account used to record noncurrent portions of long-term debt owed by one fund to another fund in the same government.	
451	<u>Deferred Revenue</u> - A liability account used to record revenue amounts for which the asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available.	
461	<u>Other Payables</u> - A liability account reflecting amounts owed by the LEA not required to be recorded in another liability account.	
480	<u>Revenue Anticipation Notes Payable</u> - A liability account used to record amounts owed by the LEA for revenue anticipation notes payable.	
501	<u>General Obligation Bonds Payable</u> - A liability account used to record amounts owed by the LEA for outstanding general obligation bonds.	
502	<u>Certificates of Participation Payable</u> - A liability account used to record amounts owed by the LEA for outstanding certificates of participation.	
503	<u>Three Mill Year Notes Payable</u> - A liability account used to record amounts owed by the LEA for outstanding three mill notes.	
504	<u>Transportation Loans Payable</u> - A liability account used to record amounts owed by the LEA for transportation equipment loans.	

Revenue in Lieu of Taxes:

- 3810 Rail Cars
- 3820 Heavy Trucks
- 3830 Rental Cars

Revenue for/on Behalf of the LEA

- 3900 Revenue for/on Behalf of the LEA

Federal Sources

Unrestricted Grants-in-aid Direct From the Federal Government:

- 4110 Wildlife Refuge
- 4120 E-Rate
- 4130 Impact Aid - Maintenance and Operation
- 4190- Other unrestricted grants-in-aid
- 4199

Unrestricted Grants-in-aid From the Federal Government Received Through the State

- 4210 Flood Control
- 4220 Mineral Leases
- 4230 CHIPS Program
- 4290- Other unrestricted grants-in-aid
- 4299

Restricted Grants-in-aid Direct From the Federal Government:

- 4310 Impact Aid - Construction (P.L. 81-815)
- 4390- Other restricted grants-in-aid
- 4399

Restricted Grants-in-aid From the Federal Government Received Through the State or Other Pass-through Grantors:

- 4401 Title III - Goals 2000
- 4403 **Title III - Language Instruction for LEP & Immigrant**
- 4405 Title I
- 4406 Migrant Education
- 4408 **State Assessments**
- 4410 Title VI
- 4414 **Title V-A - Innovative Programs**
- 4415 Social Services
- 4420 Special Education
- 4430 Adult Education
- 4435 Vocational Education
- 4437 Tech-Prep Education
- 4440 Title IV
- 4445 Technology Literacy Challenge
- 4451 USDA Reimbursement - School Breakfast Program
- 4452 USDA Reimbursement - National School Lunch Program (*includes Fruits & Vegetables*)
- 4453 USDA Reimbursement - Summer Food Service Program
- 4454 Donated Commodities
- 4455 Extended Day Reimbursement
- 4456 FDC Homes Pass-through Funds
- 4457 FDC Homes Administrative Funds
- 4460 Title II
- 4470 Workforce Investment Act (WIA)
- 4472 School to Careers
- 4473 **Education for Homeless Children & Youth (Title X-C)**
- 4474 **CDC-Comprehensive School Health, HIV/AIDS**
- 4475 21st Century

Code Numbers:**Function Descriptions and Definitions:**

4445	<u>Technology Literacy Challenge</u> - Federal program funds allowed under CFDA #84.318 - Technology literacy challenge fund grants
4451	<u>USDA Reimbursement - School Breakfast Program</u> - Federal program funds allowed under CFDA #10.553 - School breakfast program.
4452	<u>USDA Reimbursement - National School Lunch Program</u> - Federal program funds allowed under CFDA #10.555 - National school lunch program. <i>(Includes fruits & vegetables)</i>
4453	<u>USDA Reimbursement - Summer Food Service Program</u> - Federal program funds allowed under CFDA #10.559 - National school lunch program.
4454	<u>Donated Commodities</u> - Federal program assets allowed under CFDA #10.550 - Food donation.
4455	<u>Extended Day Reimbursement</u>
4456	<u>FDC Homes Pass-through Funds</u>
4457	<u>FDC Homes Administrative Funds</u> -
4460	<u>Title II</u> - Federal program funds allowed under CFDA #84.281 - Eisenhower professional development - state grants.
4470	<u>Workforce Investment Act (WIA)</u> - Federal program funds allowed under CFDA #17.259 Workforce Investment Act.
4472	<u>School to Careers</u> - Federal program funds allowed under CFDA # 17.249 - Employment services and job training - pilot and demonstration programs.
4473	<u>Education for Homeless Children & Youth (Title X-C)</u>
4474	<u>CDC-Comprehensive School Health, HIV/AIDS</u>
4475	<u>21st Century</u> - Federal program funds allowed under CFDA #84.287 - Twenty-First century community learning centers.
4476	<u>Class Size Reduction</u> - Federal program funds allowed under CFDA #84.340 - Class size reduction.
4480 - 4499	<u>Other restricted grants-in-aid</u> - Other restricted federal grants not required to be reported elsewhere.
	Revenue in Lieu of Taxes: Commitments or payments made out of general revenues by the federal government to the LEA in lieu of taxes it would have had to pay had its property or other tax base been subject to taxation by the LEA on the same basis as privately owned property or other tax base. Such revenue would include payment made for privately owned property which is not subject to taxation on the same basis as other privately owned property due to action by the federal governmental unit.
4510	<u>TVA</u> - Federal funds in lieu of taxes from the Tennessee Valley Authority.
4520	<u>National Forest</u> - Federal funds in lieu of taxes on federally owned forest lands.
4590	<u>Other revenue received in lieu of taxes</u> - Other revenue received in lieu of taxes not required to be reported elsewhere.

Code Numbers:**Function Descriptions and Definitions:**

	Revenue for/on Behalf of the LEA: Commitments or payments made by the federal government for the benefit of the LEA, or contributions of equipment or supplies. Such revenue includes a contribution of fixed assets by a federal governmental unit to the LEA and foods donated by the federal government to the LEA. Separate accounts should be maintained to identify the specific nature of the revenue item.
4900	<u>Revenue for/on Behalf of the LEA</u>

Sixteenth Section Sources	
	Revenues derived from the use of sixteenth section lands held in trust by the school district and from the investment of sixteenth section funds.
	Rents and Leases: Revenues from the rental of sixteenth section lands for residential, farm or commercial use. [NOTE: Leases would suggest a yearly payment for the use of the property.]
5110	<u>Surface Leases</u>
5120	<u>Mineral Leases</u>
5130	<u>Hunting Leases</u>
	Sale of Timber and Forest Products: Revenues from the sale of timber and forest products located on sixteenth section lands. [NOTE: <i>Forfeited performance bonds would be included here.</i>]
5200	<u>Sale of Timber and Forest Products</u>
	Sales of Other Assets: Revenues from sales of assets other than forest products.
5310	<u>Oil and Gas Royalties</u> - Revenues from producing oil or gas wells located on sixteenth section lands.
5320	<u>Sale of Other Nonrenewable Resources</u> - Revenues from the sale of resources that are not reproduced in a reasonable amount of time such as gravel. Oil and gas royalties are included in 5310.
5330	<u>Easements and Rights-of-way</u> - Revenues from the use of a portion of sixteenth section lands by individuals, groups or companies for the benefit of that individual, group or company.
5335	<u>Sale of 16th Section Land</u> - Revenue from the sale of 16 th section land that has been properly authorized by the Secretary of State's Office.
5340	<u>Other Sales</u> - Revenues from the sale of assets not classified elsewhere (e.g., sales of lieu lands and sales of buildings).
	Pro rata Revenue From Other Districts:

SECTION N FINANCIAL STATEMENTS

All Mississippi public school districts are required to prepare their annual financial statements as of and for the year ended June 30 of each fiscal year. The annual financial statements should be prepared in accordance with generally accepted accounting principals (GAAP) and should follow the guidance of this manual.

A. Implementation of GASB Statement No. 34.

All school districts shall implement GASB Statement No. 34 requirements starting with the fiscal year beginning July 1, 2002, except those school districts whose annual revenues would require earlier implementation.

Since the vast majority of school districts in the State of Mississippi do not have business-type activities, component units or proprietary funds, information regarding these items has not been included in this manual.

B. Generally Accepted Accounting Principals (GAAP) Requirements.

The following information is needed to meet the minimum requirements for GAAP.

1. Management's Discussion and Analysis (MD&A) (See Note 1, below).
2. Government-wide financial statements (See Note 2, below).
 - a. Statement of Net Assets
 1. Statement of Net Assets (Exhibit A)
 2. Statement of Net Assets - Accounting Code Template (Exhibit A-1)
 - b. Statement of Activities
 1. Statement of Activity (Exhibit B)
 2. Statement of Activity - Accounting Code Template (Exhibit B-1)
3. Governmental Fund Financial Statements (See Note 3, below).
 - a. Governmental Funds
 1. Balance Sheet (Exhibit C)
 2. Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets (Exhibit C-1)
 3. Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit D)
 4. Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities (Exhibit D-1)

- b. **Fiduciary Funds**
 - 1. **Statement of Net Assets (Exhibit E)**
 - 2. **Statement of Changes in Fiduciary Net Assets (Exhibit F)**
- 4. **Notes to Financial Statements (See Note 4, below).**
- 5. **Required Supplementary Information (RSI) (other than MD&A) (See Note 5, below).**
Budgetary Comparisons Schedules (Schedule 1).
- C. **Additional Supplementary Information.**

The following information is supplementary information that must be included the financial statements.

- 1. **Schedule of Expenditures of Federal Awards (Schedule 2).**
- 2. **Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds. (Schedule 3).**

NOTES:

1. Management's Discussion and Analysis (MD&A)

The MD&A is required supplementary information(RSI) that precedes and introduces the basic financial statements. MD&A gives an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions. It presents short-term and long-term analyses of the government's activities, compares current-year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Management is expected to write this important introductory section to the basic financial statements. Presentation requirements for the MD&A include the following:

- a. A brief discussion of the basic financial statements, including how they relate to each other and the significant differences in the information they provide.
- b. Condensed current and prior-year financial information from the government-wide financial statements with a comparative analysis that discusses reasons for significant inter-period changes and economic factors that significantly affected current-year operations.
- c. An analysis of individual fund financial information, including the reasons for significant changes in fund balances (or net assets) and whether limitations significantly affect the future of fund resources.
- d. An analysis of significant variances between original and final budget amounts and between final budget amounts and actual budget results for the general fund.
- e. A description of capital asset and long-term debt activity that occurred during the year.

- f. A description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net assets) or results of operations (revenues, expenses, and other changes in net assets).

2. Government - wide Financial Statements

The government-wide financial statements report information for the government as a whole, except for its fiduciary activities. These financial statements use the economic resources measurement focus basis of accounting (MFBA) and include transactions and balances relating to all assets.

Statement of Net Assets

The purpose of the statement of net assets is to provide information about the financial position of the government as an economic unit. The statement shows what the government owns and owes at a given point in time.

The statement reports all assets of the government, both financial and capital assets, and all liabilities of the government, both current and long-term obligations.

The statement presents financial information in a net assets format (assets less liabilities equal net assets). The governmental activities column includes all financial assets and all accrued liabilities of the governmental funds. It also includes all capital assets purchased or constructed by governmental funds and all long-term debt obligations repaid by governmental funds.

Statement of Activities

The statement of activities focuses on the net cost of services (functional or programmatic expenses less program revenues) and the extent to which each function/program reported by the government is financed with general revenues, principally taxes. The objective is not to identify which functions make money and which ones lose money, but rather to report the relative financial burden of each of the government's functions/programs on its taxpayers.

The statement reports expenses, net of program revenues, of the government's individual functions. General revenues, contributions to permanent fund principal, special and extraordinary items, and transfers are reported separately after the total net expenses of the functions, resulting in the "change in net assets" for the period.

The ultimate purpose of the statement of net assets is to report on the results of the government's operations (that is, its change in net assets) for the period. The change in net assets shows the increase or decrease from year to year in the net assets of the whole government—it is the sum total of revenues, expenses, gains, and losses reported in the statement of activities. A positive change in net assets for the year shows the government lived within its means. Conversely, a negative change shows the government did not live within its means.

3. Fund Financial Statements

The governmental fund financial statements consist of two separate sets of financial statements. These include the (a) Governmental Fund Statements and (b) the Fiduciary Fund Statements. These financial statements use different MFBA depending on the fund category: Governmental funds use the current financial resources/modified accrual MFBA and the Fiduciary funds generally use the economic resources/accrual MFBA.

4. Notes to the Financial Statements

The notes to the financial statements disclose information essential for the fair presentation of the basic financial statements that is not displayed in the financial statements. The notes are an integral part of the basic financial statements.

5. Budgetary Comparison Schedule

A budgetary comparison should be prepared for the general fund and each major special revenue fund. Each fund shall report its original budget, final budget and actual amounts. Separate columns will present comparisons between original budgeted amounts and final budgeted amounts and a comparison between final budgeted amounts and actual expenditures. Explanations of variances should be reported within the MD&A (Schedule 1).

6. Schedule of Expenditures of Federal Awards

A schedule of expenditures of federal awards should be prepared to include information as required by OMB Cir. A-133. (Schedule 2)

7. Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

This schedule is being required to provide additional detail regarding expenditures for instructional and administrative purposes.

SCHOOL DISTRICT
Statement of Net Assets
June 30, 20____

Primary Government
Governmental
Activities

Assets

Cash and cash equivalents
Cash with fiscal agents
Investments
Due from other governments
Accrued interest receivable
Other receivables, net
Inventories and prepaid items
Deferred charges
Restricted assets
Capital assets, net

Total Assets

0

Liabilities :

Accounts payable and accrued liabilities
Due to other governments
Deferred revenue
Interest payable on long-term liabilities

Long-term liabilities (Due within one year)
 Capital related liabilities
 Non-capital related liabilities

Long-term liabilities (Due beyond one year)
 Capital related liabilities
 Non-capital related liabilities

Total Liabilities

0

Net Assets

Investment in capital assets (net of related debt)

Restricted net assets:

Expendable:

 School - based activities
 Debt service
 Capital improvements
 Forestry improvements
 Unemployment benefits

Non-expendable:

 Sixteenth section
 Other

Unrestricted

Total Net Assets

0

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

Statement of Net Assets - Accounting Code Template

Revised 2/1/2005

Account as listed on the Statement of Net Assets	Funds included in balance	General Ledger Account Codes included in the balance	Exhibit A-1
NET ASSETS			
Invested in capital assets, net of related debt			<i>A - B</i>
Restricted net assets			
Expendable:			
School-based activities	2000s	751	
Debt service	4000s	727	
Capital improvements	3000s	725 (reduced for any unspent proceeds)	
Forestry improvements	2830	723	
Unemployment benefits	2820	722	
Nonexpendable			
Sixteenth section	7200	721	
Other	7200	726	
Unrestricted	1000s	724,728,729,730,731,732,733,741,751	
Total net assets			

- (1) Long-term liabilities should be presented on the statement with subtotals for amounts "Due within one year" and "Due beyond one year". The additional breakdown shown above for "Capital-related debt" and "Noncapital-related debt" will not be shown for presentation, but is necessary to compute the net asset amount for "Invested in capital assets, net of related debt". Therefore, it will be necessary to establish a separate debt service fund number for each individual debt issued. If a debt instrument is issued for both capital and noncapital purposes, a determination must be made as to the percentage attributable to each and the resulting applicable amount of debt apportioned accordingly.

Statement of Net Assets - Accounting Code Template

Revised 2/1/2005

Account as listed on the Statement of Net Assets	Funds included in balance	General Ledger Account Codes included in the balance	Exhibit A-1
ASSETS			
Cash and cash equivalents	1000s,2000s,3000s,4000s	101	
Cash with fiscal agents	1000s,2000s,3000s,4000s	105, 134	
Investments	1000s,2000s,3000s,4000s	111	
Due from other governments	1000s,2000s,3000s,4000s	121,122,123	
Accrued interest receivable	1000s,2000s,3000s,4000s, possibly some 7200s	124; include any 7200 funds where interest not restricted as to use	
Other receivables, net	1000s,2000s,3000s,4000s	125,126,128 less 130	
Inventories and prepaid items	1000s,2000s,3000s,4000s	141,142,143,144,151	
Deferred charges	to capitalize and amortize bond issuance costs if material; district-wide presentation only (not recorded on books)		
Restricted assets	7200s	101, 105, 111	
Capital assets (net) (Note 1)	8000	201,211,212,221,231,241,251,261 less 290	A
LIABILITIES			
Accounts payable and accrued liabilities	1000s,2000s,3000s,4000s	401,402,411,412,421,461,480	
(1) Due to other governments		(any funds that are due to agency funds (GL Code 441) will need to be shown here for the district-wide presentation as an external liability)	
Interest payable on long-term liabilities		(calculated for district-wide presentation only)	
Deferred revenue	1000s,2000s,3000s,4000s	451	
Long-term liabilities (Note 2):			
Due within one year:			
Capital-related debt	9000	501,502,503,504,506,507,508,509,510,512,513 (portions due within one year on capital-related debt)	B
Noncapital related debt	9000	402,480,501,502,503,504,506,507,508,509,510,512,513,514, 551 (portions due within one year on noncapital-related debt)	
Total Due within one year			
Due beyond one year:			
Capital-related debt	9000	501,502,503,504,506,507,508,509,510,512,513 (portions due beyond one year on capital-related debt)	B
Non-capital related debt	9000	402,480,501,502,503,504,506,507,508,509,510,512,513,514, 551 (portions due within one year on noncapital-related debt)	
Total Due beyond one year			
Total liabilities			

N-2-3



Revised 2/1/2005

Exhibit B

SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 20_____

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction					
Support services					
Non-instructional					
Sixteenth section					
Interest and other charges related to long-term liabilities					
Total governmental activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Revenues:					
Taxes:					
General purpose levies					
Debt purpose levies					
Gaming					
Unrestricted grants and contributions:					
State					
Federal					
Unrestricted investment earnings					
Sixteenth section sources					
Other					
Total General Revenues					<u>0</u>
Special Items					
Extraordinary Items					
Transfers					
Total General Revenues, Special Items, Extraordinary Items and Transfers					<u>0</u>
Change in Net Assets					<u>0</u>
Net Assets - Beginning					
Prior Period Adjustments (Note):					
Net Assets-Beginning - Restated					
					<u>0</u>
Net Assets - Ending					<u>\$ 0</u>

N-2-4

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

Statement of Activities - Accounting Code Template		Exhibit B-1	Revised 2/1/2005		
	General revenues (optional revenue object code 400s):				
	Taxes:				
	General purpose levies		general ad valorem taxes 1120,1190,1210	6	
	Debt purpose levies		debt serv.ad valorem taxes 1120,1190,1210	7	
	Gaming		1991	8	
	Unrestricted grants and contributions:				
	State		3110 - 3199,3810 - 3830	9	
	Federal		4110 - 4299, 4510 - 4590	10	
	Unrestricted investment earnings		1510 - 1540,5600,5630	11	
	Sixteenth section sources		5110,5120,5130,5310,5320,5330,5335,5340, 5400, 5500,5700, 5900, and 85% of 5200	12	
	Other		1930,1980,1992-1999,2000, 3900,4900, 6400	13	
	Total general revenues		TOTAL GENERAL REVENUES (sum of 6 through 13)	B	
	Special items			14	
	Extraordinary items			15	
	Transfers (should only be used to show transfers between the Primary government and a Business-Type Activity)			16	
	Total General revenues, Special items, Extraordinary items and Transfers		(sum of B +14+15+16)	C	
	Change in net assets		A + C		
	Net assets - beginning				
	Prior period adjustments				
	Net assets - beginning (restated)				
	Net assets - ending				
* The following revenue codes should be inserted into the applicable program revenue column based upon purpose, and the applicable expenditure function row based upon where the funds were spent:					
Revenue Source Function Code	Remarks				
1920 - Contributions and donations from private sources	could possibly be General revenue - Unrestricted grants and contributions if donor does not restrict purpose; otherwise, these codes should follow the expenditure function where the funds were spent and be placed in the applicable program revenue column based upon the purpose restriction of the funds				
3210 through 3299 - Restricted grants in aid - State Sources	3210 will be Instruction function - could be Operating or Capital grants and contributions depending upon purpose 3230 will be Capital grants and contributions - expenditure function should agree with where funds were spent 3250 will be Non-instructional expenditure function - could be Operating or Capital grants and contributions depending upon purpose				
4310 through 4499 - Restricted grants in aid - Federal Sources	these codes should follow the expenditure function where the funds were spent and be placed in the applicable program revenue column based upon the purpose restriction of the funds				

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Statement of Activities - Accounting Code Template			Exhibit B-1	Revised 2/1/2005			
		Program Revenues					
	Optional revenue object code →	100s	200s	300s			N-25
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
Functions / Programs	Expenses						
Instruction	all 1000s and all applicable 5000s; also includes applicable depreciation expense; any applicable loss on sale/disp. of capital asset, sale of investment, or decrease in change in the FMV of investments	1310 - 1340, 1711 - 1799, 1910, 1930 - 1999	* see note below	* see note below	(column C minus columns E, G and I)	1	
Support Services	all 2000s and all applicable 5000s; also includes applicable depreciation expense; any applicable loss on sale/disp. of capital asset, sale of investment, or decrease in change in the FMV of investments	1950, 1970	* see note below	* see note below	(column C minus columns E, G and I)	2	
Non-Instructional	all 3000s (except 3200) and all applicable 5000s; also includes applicable depreciation expense; any applicable loss on sale/disp. of capital asset, sale of investment, or decrease in change in the FMV of investments	1410 - 1440, 1611 - 1640, 1800 - 1850	* see note below	* see note below	(column C minus columns E, G and I)	3	
Sixteenth Section	4000	15% of 5200	* see note below	* see note below	(column C minus columns E, G and I)	4	
Interest and other charges related to long-term liabilities	Functional codes 6110 - 6199; expenditure object codes 830, 845, 848 and 849 (the expenditure function codes for interest on debt were eliminated last year)		* see note below	* see note below	(column C minus columns E, G and I)	5	
Total governmental activities					NET PROGRAM (EXPENSE) REVENUES (sum of 1 through 5)	A	

Exhibit C

SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 20__

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>		<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash and cash equivalents	\$			
Cash with fiscal agents				
Investments				
Due from other governments				
Accrued interest receivable				
Other receivables, net				
Due from other funds				
Advance to other funds				
Inventories and prepaid items				
Total Assets	\$	_____	_____	_____
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$			
Due to other funds				
Advances from other funds				
Deferred revenue				
Total Liabilities		_____	_____	_____
Fund Balances:				
Reserved for:				
Advances				
Inventory				
Prepaid items				
Ad valorem				
Capital projects funds				
Debt service funds				
Unreserved:				
Designated, reported in:				
<i>(Explain designation)</i>				
<i>(Ex. General Funds: For future capital expansions \$500,000)</i>				
Undesignated, reported in:				
General fund				
Special revenue funds				
Permanent funds				
Total Fund Balances		_____	_____	_____
Total Liabilities and Fund Balances	\$	_____	_____	_____

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

School District
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 20____

Amount

Total fund balance - governmental funds \$

Amounts reported for governmental activities in the statement of net assets are different because:

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$ _____.
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.
3. Governmental funds recognize interest on long-term debt when it becomes due, however the Statement of Net Assets recognizes interest as it accrues.
4. (***)

Total net assets - governmental activities \$ 0

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

(***) Other adjustments needed to reconcile the Governmental Funds Balance Sheet to the Statement of Net Assets.

SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 20____

	Major Funds		Other	Total
	General Fund	Fund	Governmental Funds	Governmental Funds
Revenues:				0
Local sources				0
Intermediate sources				0
State sources				0
Federal sources				0
Sixteenth section sources				0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:				0
Instruction				0
Support services				0
Noninstructional services				0
Sixteenth section				0
Facilities acquisition and construction				0
Debt service:				0
Principal				0
Interest				0
Advance refunding escrow				0
Other				0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources(Uses):				0
Proceeds of general obligation bonds				0
Proceeds of refunding bonds				0
Proceeds of loans				0
Inception of capital leases				0
Insurance loss recoveries				0
Sale of transportation equipment				0
Sale of other property				0
Operating transfers in				0
Other financing sources				0
Operating transfers out				0
Payment to refunded bond escrow agent				0
Other financing uses				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Items				0
Extraordinary Items				0
Net change in fund balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				0
July 1, 20____				0
Prior period adjustments				0
July 1, 20____, as restated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Increase(Decrease) in reserve for inventory				
Residual equity transfer in (out)				
June 30, 20____	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

School District
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 20

	<u>Amount</u>
Net change in fund balances - governmental funds	\$
Amounts reported for governmental activities in the statement of activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those costs over the life of the assets. Capital assets purchase amounted to _____ and depreciation expense amounted to \$ _____.	
2. Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
3. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Activities.	
4. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.	
5. Gains and losses on the sale or disposals of assets are not reported in the governmental funds, but are reported in the Statement of Activities, net of proceeds.	
6. Increase (decrease) in the inventory is reported as an adjustment to fund balance in the government funds, but noninstructional expenditures are (decreased) increased in the Statement of Activities.	
7. Expenses in the statement of activities not normally paid with expendable available financial resources are not reported as expenditures in the governmental funds:	
Compensated absences	
(***)	
Change in net assets of governmental activities	\$ <u>0</u>

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

(***) Other adjustment needed to reconcile the Governmental Funds' Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.

Revised 2/1/2005

SCHOOL DISTRICT
Statement of Net Assets - Fiduciary Funds
June 30, 20____

Exhibit E

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

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

Revised 2/1/2005

SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 20____

Exhibit F

	<u>Private-Purpose Trust Funds</u>
Additions	
Interest on Investments	
Contributions and donations from private sources	
Total Additions	<u>0</u>
Deductions	
Scholarships awarded	
Total Deductions	<u>0</u>
Change in net assets	<u>0</u>
Net Assets	
July 1, 20____	
Prior period adjustments	
July 1, 20____, as restated	<u>0</u>
June 30, 20____	<u>0</u>

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



@SCHOOL SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 20__

Revised 2/1/2005

Notes to Financial Statements

(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.

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the school district's governing board. *[NOTE: Continue here with Options 1 or 2, when selected. Option 3, if applicable, starts another paragraph]*

[Option 1] [Select for a county school]

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

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

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

[Option 1b] [Select for a county school, some members elected and some appointed]

[enter number] was elected by citizens of each defined county district and *[enter number]* were selected by the City of *[enter city's]* Board of Alderman.

[Option 2] [Select for a city school]

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

@SCHOOL SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 20__

Revised 2/1/2005

~~~~~  
[continue]

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. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Program revenues on the Statement of Activities consist primarily of state appropriations and federal awards.

In the fund financial statements, governmental funds and agency funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Property taxes, state appropriations and federal awards associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. It accounts for all financial resources of the school district, except those required to be accounted for in another fund.

*[list individual other major funds, if any, and a description of each]*

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

@SCHOOL SCHOOL DISTRICT

Notes to Financial Statements  
For the Year Ended June 30, 20\_\_

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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.

continue

D. Account Classifications.

The account classifications used in the financial statements conform to the classifications prescribed in the *Financial Accounting Manual for Mississippi Public School Districts* issued by the Office of the State Auditor. The classifications in that manual are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 1990* issued by the U.S. Department of Education.

E. Encumbrances.

[Option 1]

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

[Option 2]

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

F. Cash and Cash Equivalents.

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.

Cash and cash equivalents consists of amounts on deposit in demand accounts and certificates of deposit with maturities of 12 months or less. Cash and cash equivalents are valued at cost.

G. Investments.

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

For accounting purposes, certificates of deposit are classified as investments if they have a maturity greater than 12 months when acquired.

H. 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).

@SCHOOL SCHOOL DISTRICT

Notes to Financial Statements  
For the Year Ended June 30, 20\_\_

Revised 2/1/2005

The costs of governmental fund type inventories are reported as expenditures when purchased.  
[continue]

[Option 1a]

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.

[continue]  
[Option 1b]

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

[continue]

I. Capital Assets.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are reported in the government-wide statements.

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

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

(\*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 4 for details.

\*\* 15 year estimated useful life for relocatable buildings.

[continue]

J. Long-term liabilities.

Long-term liabilities are the unmatured principal of bonds, warrants, notes, or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments. Long-term liabilities should not be reported as liabilities in governmental funds, but should be reported in the



@SCHOOL SCHOOL DISTRICT

Notes to Financial Statements  
For the Year Ended June 30, 20\_\_

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K. governmental activities column in the government-wide Statement of Net Assets. See Note 5 for details.  
Interfund Transactions and Balances.

Interfund transactions and balances are the result of timing differences between the date expenses/expenditures occur and the date payments are made.

~~~~~

[Option 1] [Use only if the school district has due from/due to other funds and transfers in/out reported]

Short-term (due within one year) interfund loan receivables are reported as "due from other funds" and are considered available expendable resources.

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 3 for details for interfund transactions, including receivables and payables at year-end.

~~~~~

[Option 2] [Use if the school district has both due from/due to other funds, advances to/from other funds and transfers in/out reported]

Short-term (due within one year) interfund loan receivables are reported as "due from other funds" and are considered available expendable resources. Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 3 for details for interfund transactions, including receivables and payables at year-end.

~~~~~

[continue]

L. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds,

@SCHOOL SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 20__

Revised 2/1/2005

mortgages, notes or other borrowings that are attributable to the acquisition, constructions or improvement of those assets.

2. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

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:

[NOTE: Fund reserves should coincide with reserves reported on Exh. C. Edit individual reserves accounts to agree]

Reserved for advances - An account used to offset advances recorded in the asset accounts since they do not constitute available spendable resources and are not a component of net current assets.

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

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

Reserved for ad valorem - An account used to record the ad valorem taxes collected in excess of legal limitations for the current fiscal year.

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

Reserved for debt service fund - 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.

M. Property Taxes.

~~~~~

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

Ad valorem property taxes are levied by the governing authority of the county on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax

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effort in dollars. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

~~~~~

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

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

~~~~~

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

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

~~~~~

[continue]

N. Mississippi Adequate Education Program Revenues.

Revenues from the 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.

O. Compensated Absences.

Employees of the school district accumulate sick leave at a minimum amount as required by state law or at a greater amount provided by school district policy. 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 only the compensated absence liability payable from expendable available financial resources.

~~~~~

[NOTE: This note should be included only if the levying authority of the school district is repaying old debt of the school district directly.]

[Option 1] [Select for a county school]

P. Other Significant Accounting Policies.

The Debt Service Funds for long-term debt issued prior to April 15, 1986, under the provisions of Section 37-59-101, Miss. Code Ann. (1972), et seq., and prior to March 3, 1987, under the provisions of Section 37-59-1, Miss. Code Ann. (1972), et seq., are maintained by the governing authority of the county

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and are not included in the government-wide financial statements of the school district. The borrowing of money by the issuance of the debt referred to above was a function of the governing authority of the county prior to April 15, 1986, or March 3, 1987, as the case may be.

In our state, school boards and superintendents had no responsibility in connection with the debt issued before the dates referred to above. The payment of this debt is an obligation of the governing authority of the county who is acting for the school district.

In connection with any debt issued subsequent to the dates referred to above, the school board is responsible for the issuance and maintenance of school district related debt.

\*\*\*\*\*

[Option 2] [Select for a city school]

Q. Other Significant Accounting Policies.

The Debt Service Funds for long-term debt issued prior to April 15, 1986, under the provisions of Section 37-59-101, Miss. Code Ann. (1972), et seq., and prior to March 3, 1987, under the provisions of Section 37-59-1, Miss. Code Ann. (1972), et seq., are maintained by the governing authority of the city and are not included in the government-wide financial statements of the school district. The borrowing of money by the issuance of the debt referred to above was a function of the governing authority of the city prior to April 15, 1986, or March 3, 1987, as the case may be.

In our state, school boards and superintendents had no responsibility in connection with the debt issued before the dates referred to above. The payment of this debt is an obligation of the governing authority of the city who is acting for the school district.

In connection with any debt issued subsequent to the dates referred to above, the school board is responsible for the issuance and maintenance of school district related debt.

\*\*\*\*\*

[continue]

[Option 1] [Use the following section if the district does not have cash with fiscal agents or investments reported on Exhibits C and E]

(2) Cash and Cash Equivalents.

The collateral for public entities' 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 Depository Insurance Corporation.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$ and \$ , respectively. The bank balance was \$.

\*\*\*\*\*

[continue to Note 2]

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

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(2) Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments.

Cash and Cash Equivalents.

The collateral for public entities' 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 Depository Insurance Corporation.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$ and \$ , respectively. The bank balance was \$.

\*\*\*\*\*

[NOTE: Edit the remainder of Note 2 to coincide with reported amounts per Exhibit A]

Cash with Fiscal Agents.

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

\*\*\*\*\*

Investments.

Except for nonparticipating investment contracts and for participating interest-earning investment contracts and money market investments that had a remaining maturity at the time of purchase of one year or less, investments are reported at fair value which is based on quoted market price. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Participating interest-earning investment contracts and money market investments that had a remaining maturity at time of purchase of one year or less are reported at amortized cost.

Investments made by the school district that are included on the balance sheet are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the categories described below:

Category 1 - Insured or registered or for which the securities are held by the school district or its agent in the school district's name.

Category 2 - Uninsured and unregistered for which the securities are held by the broker or dealer's trust department or agent in the school district's name.

Category 3 - Uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the school district's name.

| Investment Type     | Category |   |   | Carrying Amount | Market Value |
|---------------------|----------|---|---|-----------------|--------------|
|                     | 1        | 2 | 3 |                 |              |
| (Enter description) | \$       |   |   | 0               |              |
| (Enter description) |          |   |   | 0               |              |
| (Enter description) |          |   |   | 0               |              |

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| Investment Type                                                                                | Category |   |   | Carrying Amount | Market Value |
|------------------------------------------------------------------------------------------------|----------|---|---|-----------------|--------------|
|                                                                                                | 1        | 2 | 3 |                 |              |
| (Enter description)                                                                            |          |   |   | 0               |              |
| Subtotal                                                                                       | \$ 0     | 0 | 0 | 0               | 0            |
| Investments in Mississippi School<br>Boards Association cash flow<br>management program assets |          |   |   |                 |              |
| Total Investments                                                                              |          |   |   | \$ 0            | 0            |

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(3) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

[NOTE: if only one section is needed, remove the lettering (A and B)]

A. Due From/To Other Funds.

|                                                    | <u>Due From</u> | <u>Due To</u> |
|----------------------------------------------------|-----------------|---------------|
| Governmental Funds:                                |                 |               |
| General Fund                                       | \$              |               |
| (List other major individual fund(s) name)         |                 |               |
| Other governmental fund(s) [NOTE: Report in total] |                 |               |
| Fiduciary Funds [NOTE: Report in total]            | _____           | _____         |
| Total                                              | \$ <u>0</u>     | <u>0</u>      |

B. Advances To/From Other Funds.

|                                                    | <u>Advances<br/>To</u> | <u>Advances<br/>From</u> |
|----------------------------------------------------|------------------------|--------------------------|
| Governmental Funds:                                |                        |                          |
| General Fund                                       | \$                     |                          |
| (List other major individual fund(s) name)         |                        |                          |
| Other governmental fund(s) [NOTE: Report in total] |                        |                          |
| Fiduciary Funds [NOTE: Report in total]            | _____                  | _____                    |
| Total                                              | \$ <u>0</u>            | <u>0</u>                 |

[This note should be included if Sixteenth Section Principal Fund loans are reported with advances on Exhibit C.]

[Note: The sixteenth section principal loans payable is not reflected on the Statement of Net Assets because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions were reflected on Exhibit D-1.]

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Sixteenth section principal loans payable.

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

| Year Ending<br>June 30 | Principal   | Interest | Total    |
|------------------------|-------------|----------|----------|
| 2005                   | \$          |          | 0        |
| 2006                   |             |          | 0        |
| 2007                   |             |          | 0        |
| 2008                   |             |          | 0        |
| 2009                   |             |          | 0        |
| 2010 - 2014            |             |          | 0        |
| 2015 - 2019            |             |          | 0        |
| 2020 - 2024            |             |          | 0        |
| Total                  | \$ <u>0</u> | <u>0</u> | <u>0</u> |

C. Transfers In/Out.

|                                                    | Transfer In | Transfers<br>Out |
|----------------------------------------------------|-------------|------------------|
| Governmental Funds:                                |             |                  |
| General Fund                                       | \$          |                  |
| (List other major individual fund(s) name)         |             |                  |
| Other governmental fund(s) [NOTE: Report in total] |             |                  |
| Fiduciary Funds [NOTE: Report in total]            |             |                  |
| Total                                              | \$ <u>0</u> | <u>0</u>         |



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(4) Capital Assets.

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

|                                             | Balance<br>7-1-2003 | Additions | Retirements | Completed<br>Construction | Adjustments | Balance<br>6-30-2004 |
|---------------------------------------------|---------------------|-----------|-------------|---------------------------|-------------|----------------------|
| <u>Non-depreciable capital assets:</u>      |                     |           |             |                           |             |                      |
| Land                                        | \$                  |           |             |                           |             | 0                    |
| Construction in progress                    |                     |           |             |                           |             | 0                    |
| Total non-depreciable capital assets        | 0                   | 0         | 0           | 0                         | 0           | 0                    |
| <u>Depreciable capital assets:</u>          |                     |           |             |                           |             |                      |
| Buildings                                   |                     |           |             |                           |             | 0                    |
| Building improvements                       |                     |           |             |                           |             | 0                    |
| Improvements other than buildings           |                     |           |             |                           |             | 0                    |
| Mobile equipment                            |                     |           |             |                           |             | 0                    |
| Furniture and equipment                     |                     |           |             |                           |             | 0                    |
| Leased property under capital leases        |                     |           |             |                           |             | 0                    |
| Total depreciable capital assets            | 0                   | 0         | 0           | 0                         | 0           | 0                    |
| <u>Less accumulated depreciation for:</u>   |                     |           |             |                           |             |                      |
| Buildings                                   |                     |           |             |                           |             | 0                    |
| Building improvements                       |                     |           |             |                           |             | 0                    |
| Improvements other than buildings           |                     |           |             |                           |             | 0                    |
| Mobile equipment                            |                     |           |             |                           |             | 0                    |
| Furniture and equipment                     |                     |           |             |                           |             | 0                    |
| Leased property under capital leases        |                     |           |             |                           |             | 0                    |
| Total accumulated depreciation              | 0                   | 0         | 0           | 0                         | 0           | 0                    |
| Total depreciable capital assets, net       | 0                   | 0         | 0           | 0                         | 0           | 0                    |
| Governmental activities capital assets, net | \$ 0                | 0         | 0           | 0                         | 0           | 0                    |

Depreciation expense was charged to the following governmental functions:

|                            | Amount |
|----------------------------|--------|
| Instruction                | \$     |
| Support services           |        |
| Non-instructional          |        |
| Total Depreciation Expense | \$ 0   |

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\*\*\*\*\*

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

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

\*\*\*\*\*

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

\*\*\*\*\*

Commitments under construction contracts at June 30, 2004, are summarized as follows:

|                      | <u>Remaining</u><br><u>Commitment</u> | <u>Required</u><br><u>Future</u><br><u>Financing</u> |
|----------------------|---------------------------------------|------------------------------------------------------|
| (enter project name) | \$                                    |                                                      |
| (enter project name) |                                       |                                                      |
| (enter project name) |                                       |                                                      |
| <br>Total            | \$ <u>0</u>                           | <u>0</u>                                             |

(5) Long-term liabilities.

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

|                                              | <u>Balance</u><br><u>7-1-2003</u> | <u>Additions</u> | <u>Reductions</u> | <u>Adjustments</u> | <u>Balance</u><br><u>6-30-2004</u> | <u>Amounts due</u><br><u>within one</u><br><u>year</u> |
|----------------------------------------------|-----------------------------------|------------------|-------------------|--------------------|------------------------------------|--------------------------------------------------------|
| A. General obligation bonds payable          | \$                                |                  |                   |                    | 0                                  |                                                        |
| B. Limited obligation bonds payable          |                                   |                  |                   |                    | 0                                  |                                                        |
| C. Certificates of participation payable     |                                   |                  |                   |                    | 0                                  |                                                        |
| D. Three mill notes payable                  |                                   |                  |                   |                    | 0                                  |                                                        |
| E. Transportation equipment loans payable    |                                   |                  |                   |                    | 0                                  |                                                        |
| F. Shortfall notes payable                   |                                   |                  |                   |                    | 0                                  |                                                        |
| G. Obligations under capital leases          |                                   |                  |                   |                    | 0                                  |                                                        |
| H. Obligations under energy efficiency lease |                                   |                  |                   |                    | 0                                  |                                                        |
| I. Installment purchases loans payable       |                                   |                  |                   |                    | 0                                  |                                                        |
| J. Qualified zone academy bonds payable      |                                   |                  |                   |                    | 0                                  |                                                        |
| K. Other loans payable                       |                                   |                  |                   |                    | 0                                  |                                                        |
| L. Compensated absences payable              |                                   |                  |                   |                    | 0                                  |                                                        |
| <br>Total                                    | \$ <u>0</u>                       | <u>0</u>         | <u>0</u>          | <u>0</u>           | <u>0</u>                           | <u>0</u>                                               |

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A. General obligation bonds payable.

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

| <u>Description</u>                         | <u>Interest<br/>Rate</u> | <u>Issue<br/>Date</u> | <u>Maturity<br/>Date</u> | <u>Amount<br/>Issued</u> | <u>Amount<br/>Outstanding</u> |
|--------------------------------------------|--------------------------|-----------------------|--------------------------|--------------------------|-------------------------------|
| General obligation bonds,<br>(Second Line) | Varies                   | 00-00-00              | 00-00-00                 | \$                       |                               |
| General obligation bonds,<br>(Second Line) |                          | 00-00-00              | 00-00-00                 | _____                    | _____                         |
| <b>Total</b>                               |                          |                       |                          | \$ <u>0</u>              | <u>0</u>                      |

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

| <u>Year Ending<br/>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------|------------------|-----------------|--------------|
| 2005                           | \$               |                 | 0            |
| 2006                           |                  |                 | 0            |
| 2007                           |                  |                 | 0            |
| 2008                           |                  |                 | 0            |
| 2009                           |                  |                 | 0            |
| 2010 - 2014                    |                  |                 | 0            |
| 2015 - 2019                    |                  |                 | 0            |
| 2020 - 2024                    |                  |                 | 0            |
| 2025 - 2029                    | _____            | _____           | 0            |
| <b>Total</b>                   | \$ <u>0</u>      | <u>0</u>        | <u>0</u>     |

The amount of bonded indebtedness that can be incurred by the school district is limited by state statute. Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in state statutes, have been met. As of June 30, 2004, the amount of outstanding bonded indebtedness was equal to [input]% of property assessments as of [date]. This debt will be retired from the [input fund (s)].

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[NOTE: The date, in most instances, should be October 1, 2004 for the current fiscal year. The percentage should be expressed in whole numbers.]

[NOTE: If the district refunded debt in the current fiscal year, include the following information. If the district has refunded bonds in the past, complete the "Prior Year Defeasance" note.]  
Current Refunding.

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

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

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

B. Limited obligation bonds payable.

[NOTE: This debt instrument could be "notes". If this is the case the wording should agree.]

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

| Description                                                         | Interest Rate | Issue Date           | Maturity Date        | Amount Issued | Amount Outstanding |
|---------------------------------------------------------------------|---------------|----------------------|----------------------|---------------|--------------------|
| State aid capital improvement<br>(Input bond name)<br>(Second Line) | Varies        | 00-00-00<br>00-00-00 | 00-00-00<br>00-00-00 | \$            |                    |
| Total                                                               |               |                      |                      | \$ 0          | 0                  |

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

| Year Ending June 30 | Principal | Interest | Total |
|---------------------|-----------|----------|-------|
| 2005                | \$        |          | 0     |
| 2006                |           |          | 0     |
| 2007                |           |          | 0     |
| 2008                |           |          | 0     |
| 2009                |           |          | 0     |
| 2010 - 2014         |           |          | 0     |
| 2015 - 2019         |           |          | 0     |
| 2020 - 2024         |           |          | 0     |
| 2025 - 2029         |           |          | 0     |
| Total               | \$ 0      | 0        | 0     |

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

C. Certificates of participation payable.

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

| <u>Description</u>                        | <u>Interest Rate</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Amount Issued</u> | <u>Amount Outstanding</u> |
|-------------------------------------------|----------------------|-------------------|----------------------|----------------------|---------------------------|
| (Input certificate name)<br>(Second Line) | Varies               | 00-00-00          | 00-00-00             | \$                   |                           |
| (Input certificate name)<br>(Second Line) |                      | 00-00-00          | 00-00-00             |                      |                           |
| Total                                     |                      |                   |                      | \$ <u>0</u>          | <u>0</u>                  |

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|------------------|-----------------|--------------|
| 2005                       | \$               |                 | 0            |
| 2006                       |                  |                 | 0            |
| 2007                       |                  |                 | 0            |
| 2008                       |                  |                 | 0            |
| 2009                       |                  |                 | 0            |
| 2010 - 2014                |                  |                 | 0            |
| 2015 - 2019                |                  |                 | 0            |
| 2020 - 2024                |                  |                 | 0            |
| 2025 - 2029                |                  |                 | 0            |
| Total                      | \$ <u>0</u>      | <u>0</u>        | <u>0</u>     |

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

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D. Three mill notes payable.

Debt currently outstanding is as follows:

| Description                        | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|------------------------------------|---------------|------------|---------------|---------------|--------------------|
| <i>[list individual issuances]</i> |               | 00-00-00   | 00-00-00      | \$ _____      | _____              |
| Total                              |               |            |               | \$ <u>0</u>   | <u>0</u>           |

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

| Year Ending June 30 | Principal   | Interest | Total    |
|---------------------|-------------|----------|----------|
| 2005                | \$          |          | 0        |
| 2006                |             |          | 0        |
| 2007                |             |          | 0        |
| 2008                |             |          | 0        |
| 2009                |             |          | 0        |
| 2010 - 2014         |             |          | 0        |
| 2015 - 2019         |             |          | 0        |
| 2020 - 2024         |             |          | 0        |
| 2025 - 2029         |             |          | 0        |
| Total               | \$ <u>0</u> | <u>0</u> | <u>0</u> |

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

E. Transportation equipment loans payable.

Debt currently outstanding is as follows:

| Description                        | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|------------------------------------|---------------|------------|---------------|---------------|--------------------|
| <i>[list individual issuances]</i> |               | 00-00-00   | 00-00-00      | \$ _____      | _____              |
| Total                              |               |            |               | \$ <u>0</u>   | <u>0</u>           |

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

| Year Ending<br>June 30 | Principal   | Interest | Total    |
|------------------------|-------------|----------|----------|
| 2005                   | \$          |          | 0        |
| 2006                   |             |          | 0        |
| 2007                   |             |          | 0        |
| 2008                   |             |          | 0        |
| 2009                   |             |          | 0        |
| 2010 - 2014            |             |          | 0        |
| 2015 - 2019            |             |          | 0        |
| 2020 - 2024            |             |          | 0        |
| 2025 - 2029            |             |          | 0        |
| Total                  | \$ <u>0</u> | <u>0</u> | <u>0</u> |

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

F. Shortfall notes payable.

Debt currently outstanding is as follows:

| Description                        | Interest<br>Rate | Issue<br>Date | Maturity<br>Date | Amount<br>Issued | Amount<br>Outstanding |
|------------------------------------|------------------|---------------|------------------|------------------|-----------------------|
| <i>[list individual issuances]</i> |                  | 00-00-00      | 00-00-00         | \$ _____         | _____                 |
| Total                              |                  |               |                  | \$ <u>0</u>      | <u>0</u>              |

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

| Year Ending<br>June 30 | Principal   | Interest | Total    |
|------------------------|-------------|----------|----------|
| 2005                   | \$          |          | 0        |
| 2006                   |             |          | 0        |
| 2007                   |             |          | 0        |
| Total                  | \$ <u>0</u> | <u>0</u> | <u>0</u> |

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

G. Obligations under capital leases.

.....  
[Option 1] [only one lease]

The school district has entered into a lease agreement that qualifies as a capital lease for accounting purposes. Leased property under this lease is composed of a *[input]*.

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

- 1.
- 2.
- 3.
- 4.
- 5.

.....  
[Option 2] [more than one lease]

The school district has entered into *[input]* lease agreements that qualify as capital leases for accounting purposes. Leased property under these leases is composed of:

- 1.
- 2.
- 3.
- 4.
- 5.

The various options available to the lessee for these leases are as follows:

- 1.
- 2.
- 3.
- 4.
- 5.

.....  
[continue]



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Notes to Financial Statements  
For the Year Ended June 30, 20\_\_

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

| Year Ending<br>June 30 | Principal   | Interest and<br>Maintenance<br>Charges | Total    |
|------------------------|-------------|----------------------------------------|----------|
| 2005                   | \$          |                                        | 0        |
| 2006                   |             |                                        | 0        |
| 2007                   |             |                                        | 0        |
| 2008                   |             |                                        | 0        |
| 2009                   |             |                                        | 0        |
| 2010 - 2014            |             |                                        | 0        |
| 2015 - 2019            |             |                                        | 0        |
| 2020 - 2024            |             |                                        | 0        |
| 2025 - 2029            |             |                                        | 0        |
| Total                  | \$ <u>0</u> | <u>0</u>                               | <u>0</u> |

[NOTE: Edit out the following section if the school district uses the effective interest method]

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

H. Obligations under energy efficiency lease.

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

| Year Ending<br>June 30 | Principal   | Interest and<br>Maintenance<br>Charges | Total    |
|------------------------|-------------|----------------------------------------|----------|
| 2005                   | \$          |                                        | 0        |
| 2006                   |             |                                        | 0        |
| 2007                   |             |                                        | 0        |
| 2008                   |             |                                        | 0        |
| 2009                   |             |                                        | 0        |
| 2010 - 2014            |             |                                        | 0        |
| 2015 - 2019            |             |                                        | 0        |
| Total                  | \$ <u>0</u> | <u>0</u>                               | <u>0</u> |

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

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

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

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

I. Installment purchases loans payable.

\*\*\*\*\*

[Option 1] [NOTE: only one loan]

The school district has entered into an installment purchases agreement. Property under this installment purchases agreement is composed of a *[input]*.

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

| Year Ending<br>June 30 | Principal   | Interest | Total    |
|------------------------|-------------|----------|----------|
| 2005                   | \$          |          | 0        |
| 2006                   |             |          | 0        |
| 2007                   |             |          | 0        |
| 2008                   |             |          | 0        |
| 2009                   |             |          | 0        |
| 2010 - 2014            |             |          | 0        |
| 2015 - 2019            |             |          | 0        |
| 2020 - 2024            |             |          | 0        |
| 2025 - 2029            |             |          | 0        |
| <b>Total</b>           | <b>\$ 0</b> | <b>0</b> | <b>0</b> |

\*\*\*\*\*

[Option 2] [NOTE: more than one loan]

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

- 1.
- 2.
- 3.

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Notes to Financial Statements  
For the Year Ended June 30, 20\_\_

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

| Year Ending<br>June 30 | Principal   | Interest | Total    |
|------------------------|-------------|----------|----------|
| 2005                   | \$          |          | 0        |
| 2006                   |             |          | 0        |
| 2007                   |             |          | 0        |
| 2008                   |             |          | 0        |
| 2009                   |             |          | 0        |
| 2010 - 2014            |             |          | 0        |
| 2015 - 2019            |             |          | 0        |
| 2020 - 2024            |             |          | 0        |
| 2025 - 2029            |             |          | 0        |
| <b>Total</b>           | \$ <u>0</u> | <u>0</u> | <u>0</u> |

~~~~~

[continue]

J. Qualified zone academy bonds payable.

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
		00-00-00	00-00-00	\$ _____	_____
Total				\$ <u>0</u>	<u>0</u>

K. Other loans payable.

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

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
<i>[list individual issuances]</i>		00-00-00	00-00-00	\$ _____	_____
Total				\$ <u>0</u>	<u>0</u>

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Notes to Financial Statements
For the Year Ended June 30, 20__

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

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$		0
2006			0
2007			0
2008			0
2009			0
2010 - 2014			0
2015 - 2019			0
2020 - 2024			0
2025 - 2029			0
Total	\$ <u>0</u>	<u>0</u>	<u>0</u>

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

L. Compensated absences payable.

As more fully explained in Note 1(O), 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.

(6) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2004, 2003 and 2002 were \$, \$ and \$, respectively, which equaled the required contributions for each year.

[NOTE: The above information for F/Y 2003 and F/Y 2002 should agree to reported amounts in the P/Y audit report.]

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Notes to Financial Statements
For the Year Ended June 30, 20__

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(7) Other Commitments.

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

Commitments under construction contracts are described in Note 4.

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

Operating leases:

[Option 1] [only one lease]

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

Lease expenditures for the year ended June 30, 2004, amounted to \$. Future lease payments for this lease are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2005	\$
2006	
2007	
2008	
2009	
2010 - 2014	
2015 - 2019	
2020 - 2024	
2025 - 2029	
Thereafter	<u> </u>
Total	\$ <u><u> 0</u></u>

[Option 2] [two or more leases]

The school district has several operating leases for the following:

- 1.
- 2.
- 3.

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Notes to Financial Statements
For the Year Ended June 30, 20__

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Lease expenditures for the year ended June 30, 2004, amounted to \$. Future lease payments for these leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2005	\$
2006	
2007	
2008	
2009	
2010 - 2014	
2015 - 2019	
2020 - 2024	
2025 - 2029	

Total \$ 0

~~~~~  
[continue]

[NOTE: Delete the following note if it does not apply]

(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>Year Ending<br/>June 30</u> | <u>Amount</u> |
|--------------------------------|---------------|
| 2005                           | \$            |
| 2006                           |               |
| 2007                           |               |
| 2008                           |               |
| 2009                           |               |
| 2010 - 2014                    |               |
| 2015 - 2019                    |               |
| 2020 - 2024                    |               |
| 2025 - 2029                    |               |
| Thereafter                     | _____         |
| Total                          | \$ <u>0</u>   |

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Notes to Financial Statements  
For the Year Ended June 30, 20\_\_

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(9) Deficit Fund Balance of Individual Funds.

\*\*\*\*\*  
[Option 1] [only the district maintenance fund has a deficit fund balance]

The District Maintenance Fund has a deficit fund balance in the amount of \$. The deficit fund balance of the District Maintenance Fund is in violation of state law. However, the school district has no liability associated with this violation.

\*\*\*\*\*  
[Option 2] [use the following sentences if the District Maintenance Fund and other funds have deficit fund balances]

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

| <u>Fund</u> | <u>Fund Balance</u> |
|-------------|---------------------|
|             | \$                  |

The deficit fund balance of the District Maintenance Fund is in violation of state law. However, the school district has no liability associated with this violation. The other deficit fund balances are not in violation of state law.

\*\*\*\*\*

[Option 3] [use the following sentences if only one fund other than the District Maintenance Fund has a deficit fund balance]

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

The deficit fund balance is not in violation of state law. This deficit could have been eliminated with a transfer from the District Maintenance Fund (General Fund).

\*\*\*\*\*  
[Option 4] [use the following sentences if funds other than the District Maintenance Fund have deficit fund balances and the District Maintenance Fund has available funds to cover the deficits]

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

| <u>Fund</u> | <u>Fund Balance</u> |
|-------------|---------------------|
|             | \$                  |

The deficit fund balances are not in violation of state law. These deficits could have been eliminated with a transfer from the District Maintenance Fund (General Fund).

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Notes to Financial Statements  
For the Year Ended June 30, 20\_\_

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~~~~~

[Option 5] [use the following sentences if funds other than the district maintenance fund have deficit fund balances and the District Maintenance Fund DOES NOT have available funds to cover the deficits]

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

<u>Fund</u>	<u>Fund Balance</u>
	\$

The deficit fund balances are not in violation of state law. Funds are not available to eliminate these deficits.

~~~~~  
[continue]

[NOTE: Delete any of Notes 11 - 21 that do not apply.]

(10) Prior Period Adjustments/Exhibits.

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

| <u>Explanation(s)</u> | <u>Amount</u>        |
|-----------------------|----------------------|
| 1.                    |                      |
| 2.                    |                      |
| 3.                    |                      |
| Total                 | \$ <u>          </u> |

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

| <u>Major Funds</u>                        | <u>Explanation(s)</u> | <u>Amount</u>        |
|-------------------------------------------|-----------------------|----------------------|
| General Fund                              |                       |                      |
| Fund [list each applicable major fund(s)] |                       |                      |
| Other governmental funds                  |                       |                      |
| Total                                     |                       | \$ <u>          </u> |



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Notes to Financial Statements  
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Exhibit F - Statement of Changes in Fiduciary Net Assets

| <u>Explanation(s)</u> | <u>Amount</u> |
|-----------------------|---------------|
| 1.                    |               |
| 2.                    |               |
| 3.                    |               |
| Total                 | \$ _____      |

[NOTE: Delete any of Notes 11 - 21 that do not apply.]

(11) Short-term Financing.

During the fiscal year ended June 30, 2004, the school district participated in the following short-term financing(s):

[NOTE: This section would be reported if a balance exists for the MSBA debt.]

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

Under this program, the school district issues a revenue anticipation note payable, and the proceeds from such issuance are held by the financial institution serving as trustee under the program. The school district makes withdrawals from the trustee throughout the fiscal year based on its cash flow needs. The school district earns a fixed rate of return on its investable note proceeds held by the trustee, and such earnings are used to cover the interest and related issuance costs of the note. Depending upon whether the earnings are more or less than the interest and related issuance costs, the school district receives a distribution from or makes a payment to the trustee.

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

[NOTE: Add the following paragraph if the note payable matures after June 30]

The revenue anticipation note payable does not mature until after the end of the current fiscal year; however, the school district must have repaid any withdrawals to the trustee prior to the end of the current fiscal year. Consequently, the note is reflected as a fund liability, not long-term liabilities. The current balance at June 30, 2004, was \$.

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Notes to Financial Statements  
For the Year Ended June 30, 20\_\_

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B. *[List other individual debt instrument.]*

Changes in short-term debt activity recorded in the governmental activities during fiscal year 2004 are as follows:

| <u>Description</u> | <u>Balance<br/>7-1-2003</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance<br/>6-30-2004</u> |
|--------------------|-----------------------------|------------------|-------------------|------------------------------|
| 1.                 | \$                          |                  |                   | 0                            |
| 2.                 |                             |                  |                   | 0                            |
| 3.                 |                             |                  |                   | 0                            |
| <b>Total</b>       | <b>\$ 0</b>                 | <b>0</b>         | <b>0</b>          | <b>0</b>                     |

(12) Litigation.

(13) Contingent Liabilities.

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

During *[input]* of 2004, the district issued \$ in general obligation bonds for capital improvements.

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

\*\*\*\*\*

[Option 1] [no calculation was made by the school district]

During the current year, the arbitrage calculation was not made.

\*\*\*\*\*

[Option 2] [calculation was made and the school district possibly may owe money to the IRS]

The arbitrage calculation resulted in \$ of possible excess earnings, which has the potential of being rebated to the IRS. This amount is reported as a reserve for arbitrage commitments in the *[Input applicable major fund or other governmental fund as necessary]*.

\*\*\*\*\*

[continue]

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Notes to Financial Statements  
For the Year Ended June 30, 20\_\_

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(14) Subsequent Events.

(15) Risk Management.

\*\*\*\*\*

[Option 1] [Use if the school district only has commercial insurance to cover claims]

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

\*\*\*\*\*

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

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

Participation in Public Entity Risk Pool.

[NOTE: Select the option that applies to the school district and edit out the ones that do not apply]

\*\*\*\*\*

[Option 2a]

The school district is a member of the Mississippi Public Entity Workers' Compensation Trust (MPEWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust covers risks of loss arising from injuries to the school district's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MPEWCT contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any claim up to \$350,000. For a claim exceeding \$350,000, MPEWCT has insurance which will pay the excess up to \$1,000,000. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

\*\*\*\*\*

[Option 2b]

The school district participates in the Mississippi Educational Risk Cooperative (MERC), an insurance-purchasing pool. The school district, along with other school districts as a group, purchased insurance to insure against losses related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Settled claims resulting from these insured risks have not exceeded the school district's insurance coverage since it joined the pool.

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Notes to Financial Statements  
For the Year Ended June 30, 20\_\_

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~~~~~

[Option 2c]

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 90 school districts and covers risks of loss arising from injuries to the school district's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Trustmark National Bank in Jackson. The funds in the trust account are used to pay any claim up to \$175,000. For a claim exceeding \$175,000, MSBAWCT has insurance which will pay the excess up to \$1,000,000. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

~~~~~

[Option 2d]

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

~~~~~

[continue]

(16) Uncertainties.

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

Of the townships [input] School District shares with other school districts, [input] School District has control of some of the sixteenth section property. A portion of the sixteenth section revenues (rents, leases, timber sales, etc.) [input] School District received on these sections may be due to other school districts. In addition, on the other townships where another school district controls the sixteenth section property, [input] School District may be

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Notes to Financial Statements
For the Year Ended June 30, 20__

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entitled to a portion of the sixteenth section revenues the other school district(s) received. Because none of the school districts compiled and filed lists of children as state law requires in either the current year or in preceding years, neither the amounts of any liabilities owed to other school districts nor the amounts of any receivables from other school districts can be determined.

(17) Prior Year Defeasance of Debt.

In prior years, the *[input]* School District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the district's financial statements. On June 30, 2004, \$ of bonds outstanding are defeased.

(18) Trust Certificates.

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

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

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

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the lease; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 5 for details regarding the debt service requirement on the trust certificates.

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

(19) Qualified Zone Academy Bonds.

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

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Notes to Financial Statements
For the Year Ended June 30, 20__

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Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2004

Revenues

Local sources

Tuition from other LEA's within the state:

[Input] School District

\$

[Input] School District

[Input] School District

Total tuition from other LEA's within the state

0

Interest

Total local sources

0

State sources

Federal sources

Total Revenues

0

Expenditures

Salaries

Employee benefits

Purchased professional and technical services

Other professional services

Purchased property services

Other purchased services

Supplies

Property

Other

Total Expenditures

0

Excess (Deficiency) of Revenues Over Expenditures

0

Other Financing Sources/Uses:

[List individual sources/uses]

Total Other Financing Sources/Uses

0

Net Change in Fund Balance

0

Fund Balance:

July 1, 2003

Prior period adjustments

July 1, 2003, as restated

June 30, 2004

0

\$

0

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Notes to Financial Statements
For the Year Ended June 30, 20__

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(21) Vocational School Consortium.

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

Section 37-13-92(6), Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

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

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

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

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds  
For the Year Ended June 30, 2004

Revenues

Local sources

Tuition from other LEA's within the state:

*[Input]* School District \$

*[Input]* School District

*[Input]* School District

Total tuition from other LEA's within the state

\_\_\_\_\_ 0

Interest

Total local sources

\_\_\_\_\_ 0

State sources

Federal sources

Total Revenues

\_\_\_\_\_ 0

Expenditures

- Salaries
- Employee benefits
- Purchased professional and technical services
- Other professional services
- Purchased property services
- Other purchased services
- Supplies



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Notes to Financial Statements  
For the Year Ended June 30, 20\_\_

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Property  
Other

Total Expenditures

0

Excess (Deficiency) of Revenues Over Expenditures

0

Other Financing Sources/Uses:

*[List individual sources/uses]*

Total Other Financing Sources/Uses

0

Net Change in Fund Balance

0

Fund Balance:

July 1, 2003

Prior period adjustments

July 1, 2003, as restated

June 30, 2004

0

\$ 0

(22) Extraordinary Items and/or Special Items.

SCHOOL DISTRICT  
Budgetary Comparison Schedule for the General Fund  
For the Year Ended June 30, 2004

|                                                     | Budgeted Amounts |             | Actual<br>(GAAP Basis) | Variances<br>Positive (Negative) |                    |
|-----------------------------------------------------|------------------|-------------|------------------------|----------------------------------|--------------------|
|                                                     | Original         | Final       |                        | Original<br>to Final             | Final<br>to Actual |
| Revenues:                                           |                  |             |                        |                                  |                    |
| Local sources                                       | \$               | \$          | \$                     | \$                               | \$                 |
| Intermediate sources                                |                  |             |                        | 0                                | 0                  |
| State sources                                       |                  |             |                        | 0                                | 0                  |
| Federal sources                                     |                  |             |                        | 0                                | 0                  |
| Sixteenth section sources                           |                  |             |                        | 0                                | 0                  |
| Total revenues                                      | <u>0</u>         | <u>0</u>    | <u>0</u>               | <u>0</u>                         | <u>0</u>           |
| Expenditures:                                       |                  |             |                        |                                  |                    |
| Instruction                                         |                  |             |                        | 0                                | 0                  |
| Support services                                    |                  |             |                        | 0                                | 0                  |
| Noninstructional services                           |                  |             |                        | 0                                | 0                  |
| Sixteenth section                                   |                  |             |                        | 0                                | 0                  |
| Facilities acquisition and construction             |                  |             |                        | 0                                | 0                  |
| Debt service:                                       |                  |             |                        |                                  |                    |
| Principal                                           |                  |             |                        | 0                                | 0                  |
| Interest                                            |                  |             |                        | 0                                | 0                  |
| Advance refunding escrow                            |                  |             |                        | 0                                | 0                  |
| Other                                               |                  |             |                        | 0                                | 0                  |
| Total expenditures                                  | <u>0</u>         | <u>0</u>    | <u>0</u>               | <u>0</u>                         | <u>0</u>           |
| Excess(deficiency) of revenues<br>over expenditures | <u>0</u>         | <u>0</u>    | <u>0</u>               | <u>0</u>                         | <u>0</u>           |
| Other financing sources(uses):                      |                  |             |                        |                                  |                    |
| Proceeds of general obligation bonds                | 0                |             |                        | 0                                | 0                  |
| Proceeds of refunding bonds                         |                  |             |                        | 0                                | 0                  |
| Proceeds of loans                                   |                  |             |                        | 0                                | 0                  |
| Inception of capital leases                         |                  |             |                        | 0                                | 0                  |
| Insurance loss recoveries                           |                  |             |                        | 0                                | 0                  |
| Sale of transportation equipment                    |                  |             |                        | 0                                | 0                  |
| Sale of other property                              |                  |             |                        | 0                                | 0                  |
| Operating transfers in                              |                  |             |                        | 0                                | 0                  |
| Other financing sources                             |                  |             |                        | 0                                | 0                  |
| Operating transfers out                             |                  |             |                        | 0                                | 0                  |
| Payment to refunded bond escrow agent               |                  |             |                        | 0                                | 0                  |
| Other financing uses                                |                  |             |                        | 0                                | 0                  |
| Total other financing sources(uses)                 | <u>0</u>         | <u>0</u>    | <u>0</u>               | <u>0</u>                         | <u>0</u>           |
| Special Items                                       |                  |             |                        |                                  |                    |
| Extraordinary Items                                 |                  |             |                        | 0                                | 0                  |
| Net change in fund balances                         | <u>0</u>         | <u>0</u>    | <u>0</u>               | <u>0</u>                         | <u>0</u>           |
| Fund Balances                                       |                  |             |                        |                                  |                    |
| July 1, 2002                                        |                  |             |                        | 0                                | 0                  |
| Prior period adjustments                            |                  |             |                        | 0                                | 0                  |
| July 1, 2002, as restated                           | 0                | 0           | 0                      | 0                                | 0                  |
| Increase(Decrease) in reserve for inventory         |                  |             |                        | 0                                | 0                  |
| Residual equity transfer in (out)                   |                  |             |                        | 0                                | 0                  |
| June 30, 2003                                       | <u>\$ 0</u>      | <u>\$ 0</u> | <u>\$ 0</u>            | <u>\$ 0</u>                      | <u>\$ 0</u>        |

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

@SCHOOL SCHOOL DISTRICT

Notes to the Required Supplementary Information
For the Year Ended June 30, 2004

Revised 2/1/2005

Notes to the Required Supplementary Information
Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(2) Budget amendments and revisions.

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before the date established by the Mississippi Department of Education. A budgetary comparison is presented for the General Fund [add the following wording, if applicable] and each major Special Revenue Fund [continue] consistent with accounting principles generally accepted in the United States of America.

(3) Individual Fund Disclosures.

Separator line of ampersands

[Option 1] [more than one fund not budgeted]

Individual funds that were required to be budgeted but were not budgeted are as follows:

Table with 2 columns: Individual Fund, Amount. Includes a dollar sign at the end of the table.

The unbudgeted funds are in violation of state law. However, the school district has no liability associated with this violation.

Separator line of ampersands

[Option 2] [only one fund not budgeted]

The [input] fund was not budgeted. The unbudgeted fund is in violation of state law. However, the school district has no liability associated with this violation.

Separator line of ampersands

@SCHOOL SCHOOL DISTRICT

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2004

Revised 2/1/2005

[Option 3] [one or more funds in excess of budgeted amounts and at least one NOT due to auditor's adjustments]

Individual funds that have an excess of expenditures over budget, including amounts of the excess, are as follows:

| Individual Fund | Amount |
|-----------------|--------|
|                 | \$     |

The [input] fund and the [input] fund are in violation of state law. However, the school district has no liability associated with these violations. The remaining funds with an excess of expenditures over budget are not in violation of state law since the excesses resulted from auditor's adjustments.

~~~~~

[Option 4] [All excesses are due to auditor's adjustments]

Individual funds that have an excess of expenditures over budget, including amounts of the excess, are as follows:

Individual Fund	Amount
	\$

The funds with an excess of expenditures over budget are not in violation of state law since the excesses resulted from auditor's adjustments.

~~~~~

[Option 5] [One fund has an excess over budget due to auditor's adjustments]

The [input] fund has an excess of expenditures over budget in the amount of \$. The fund with the excess of expenditures over budget is not in violation of state law since the excess resulted from auditor's adjustments.



@SCHOOL SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2004

| Federal Grantor/<br>Pass-through Grantor/<br>Program Title            | Catalog of<br>Federal Domestic<br>Assistance Number | Federal<br>Expenditures |
|-----------------------------------------------------------------------|-----------------------------------------------------|-------------------------|
| <u>U.S. Department of Agriculture</u>                                 |                                                     |                         |
| Passed-through Mississippi Department of Education:                   |                                                     |                         |
| Non-cash assistance:                                                  |                                                     |                         |
| Food donation                                                         | 10.550                                              | \$ _____                |
| Child nutrition cluster:                                              |                                                     |                         |
| School breakfast program                                              | 10.553                                              |                         |
| National school lunch program                                         | 10.555                                              |                         |
| Special milk program for children                                     | 10.556                                              |                         |
| Summer food service program for children                              | 10.559                                              |                         |
| Total child nutrition cluster                                         |                                                     | _____ 0                 |
| Child and adult care food program                                     | 10.558                                              | _____                   |
| Team nutrition grants                                                 | 10.574                                              | _____                   |
| Schools and roads - grants to states                                  | 10.665                                              | _____                   |
| Total U.S. Department of Agriculture                                  |                                                     | _____ 0                 |
| <u>U.S. Department of Commerce</u>                                    |                                                     |                         |
| Passed-through Mississippi Department of Education:                   |                                                     |                         |
| Technology opportunities                                              | 11.552                                              | _____ 0                 |
| Total U.S. Department of Commerce                                     |                                                     | _____ 0                 |
| <u>U.S. Department of Defense</u>                                     |                                                     |                         |
| Direct program(s):                                                    |                                                     |                         |
| Reserve Officers' Training Corps                                      | 12.XXX                                              |                         |
| Flood control projects                                                | 12.106                                              | _____ 0                 |
| Total                                                                 |                                                     | _____ 0                 |
| Passed-through Mississippi Department of Education:                   |                                                     |                         |
| Troops to teach                                                       | 12.XXX                                              | _____ 0                 |
| Total passed-through Mississippi Department of Education              |                                                     | _____ 0                 |
| Total U.S. Department of Defense                                      |                                                     | _____ 0                 |
| <u>U.S. Department of Labor</u>                                       |                                                     |                         |
| Passed-through Mississippi Development Authority:                     |                                                     |                         |
| WIA adult program                                                     | 17.258                                              |                         |
| Workforce Investment Act - youth activities                           | 17.259                                              | _____ 0                 |
| Total U.S. Department of Labor                                        |                                                     | _____ 0                 |
| Passed-through Mississippi Department of Education:                   |                                                     |                         |
| Employment services and job training pilot and demonstration programs | 17.249                                              | _____ 0                 |
| Total passed-through Mississippi Department of Education              |                                                     | _____ 0                 |
| Total U.S. Department of Labor                                        |                                                     | _____ 0                 |
| <u>National Science Foundation</u>                                    |                                                     |                         |
| Direct programs:                                                      |                                                     |                         |
| Mathematical and physical sciences                                    | 47.049                                              |                         |
| Education and human resources                                         | 47.076                                              | _____                   |

**Schedule 2**  
**Revised 2/1/2005**

| Federal Grantor/<br>Pass-through Grantor/<br>Program Title                                                                         | Catalog of<br>Federal Domestic<br>Assistance Number | Federal<br>Expenditures |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------------|
| Total National Science Foundation                                                                                                  |                                                     | 0                       |
| <u>U.S. Department of Energy</u>                                                                                                   |                                                     |                         |
| Direct program:                                                                                                                    |                                                     |                         |
| Conservation research and development                                                                                              | 81.086                                              |                         |
| Total U.S. Department of Energy                                                                                                    |                                                     | 0                       |
| <u>U.S. Department of Education</u>                                                                                                |                                                     |                         |
| Direct programs:                                                                                                                   |                                                     |                         |
| Impact aid - facilities maintenance                                                                                                | 84.040                                              |                         |
| Impact aid                                                                                                                         | 84.041                                              |                         |
| Magnet schools assistance                                                                                                          | 84.165                                              |                         |
| Twenty-first century community learning centers [NOTE: This grant could be passed through the Mississippi Department of Education] | 84.287                                              |                         |
| Technology innovation challenge grant [NOTE: This grant could be passed through a school or university]                            | 84.303                                              |                         |
| Total                                                                                                                              |                                                     | 0                       |
| Passed-through Mississippi Board for Community and Junior Colleges:                                                                |                                                     |                         |
| Adult education - state grant program                                                                                              | 84.002                                              |                         |
| Total                                                                                                                              |                                                     | 0                       |
| Passed-through Mississippi Department of Rehabilitation Services:                                                                  |                                                     |                         |
| Rehabilitation services - vocational rehabilitation grants to states                                                               | 84.126                                              |                         |
| Total                                                                                                                              |                                                     | 0                       |
| Passed-through Mississippi Department of Education:                                                                                |                                                     |                         |
| Title I - grants to local educational agencies                                                                                     | 84.010                                              |                         |
| Migrant education - state grant program                                                                                            | 84.011                                              |                         |
| Title I - program for neglected and delinquent children                                                                            | 84.013                                              |                         |
| TRIO - talent search                                                                                                               | 84.044                                              |                         |
| Vocational education - basic grants to states                                                                                      | 84.048                                              |                         |
| Secondary education and transitional services for youth with disabilities                                                          | 84.158A                                             |                         |
| Safe and drug free schools and communities national programs                                                                       | 84.184                                              |                         |
| Byrd honors scholarships                                                                                                           | 84.185                                              |                         |
| Safe and drug-free schools and communities - state grants                                                                          | 84.186                                              |                         |
| Bilingual education: state grant program                                                                                           | 84.194                                              |                         |
| Education for homeless children and youth                                                                                          | 84.196                                              |                         |
| Even start - state educational agencies                                                                                            | 84.213                                              |                         |
| Fund for the improvement of education                                                                                              | 84.215                                              |                         |
| Capital expenses                                                                                                                   | 84.216                                              |                         |
| Tech-prep education                                                                                                                | 84.243                                              |                         |
| Goals 2000 - state and local education systemic improvement grants                                                                 | 84.276                                              |                         |
| Eisenhower professional development state grants                                                                                   | 84.281                                              |                         |
| Charter schools                                                                                                                    | 84.282                                              |                         |
| Twenty-first century community learning centers                                                                                    | 84.287                                              |                         |
| Foreign language assistance                                                                                                        | 84.293                                              |                         |
| Innovative education program strategies                                                                                            | 84.298                                              |                         |
| Even start - statewide family literacy program                                                                                     | 84.314                                              |                         |
| Education technology state grants                                                                                                  | 84.318                                              |                         |
| Special education technical assistance and dissemination to improve services and results for children                              | 84.326                                              |                         |
| Advanced placement program                                                                                                         | 84.330                                              |                         |
| Comprehensive school reform demonstration                                                                                          | 84.332                                              |                         |
| Teacher quality enhancement grants                                                                                                 | 84.336                                              |                         |
| Reading excellence                                                                                                                 | 84.338                                              |                         |
| Class size reduction                                                                                                               | 84.340                                              |                         |
| Achieve Mississippi grants                                                                                                         | 84.342A                                             |                         |

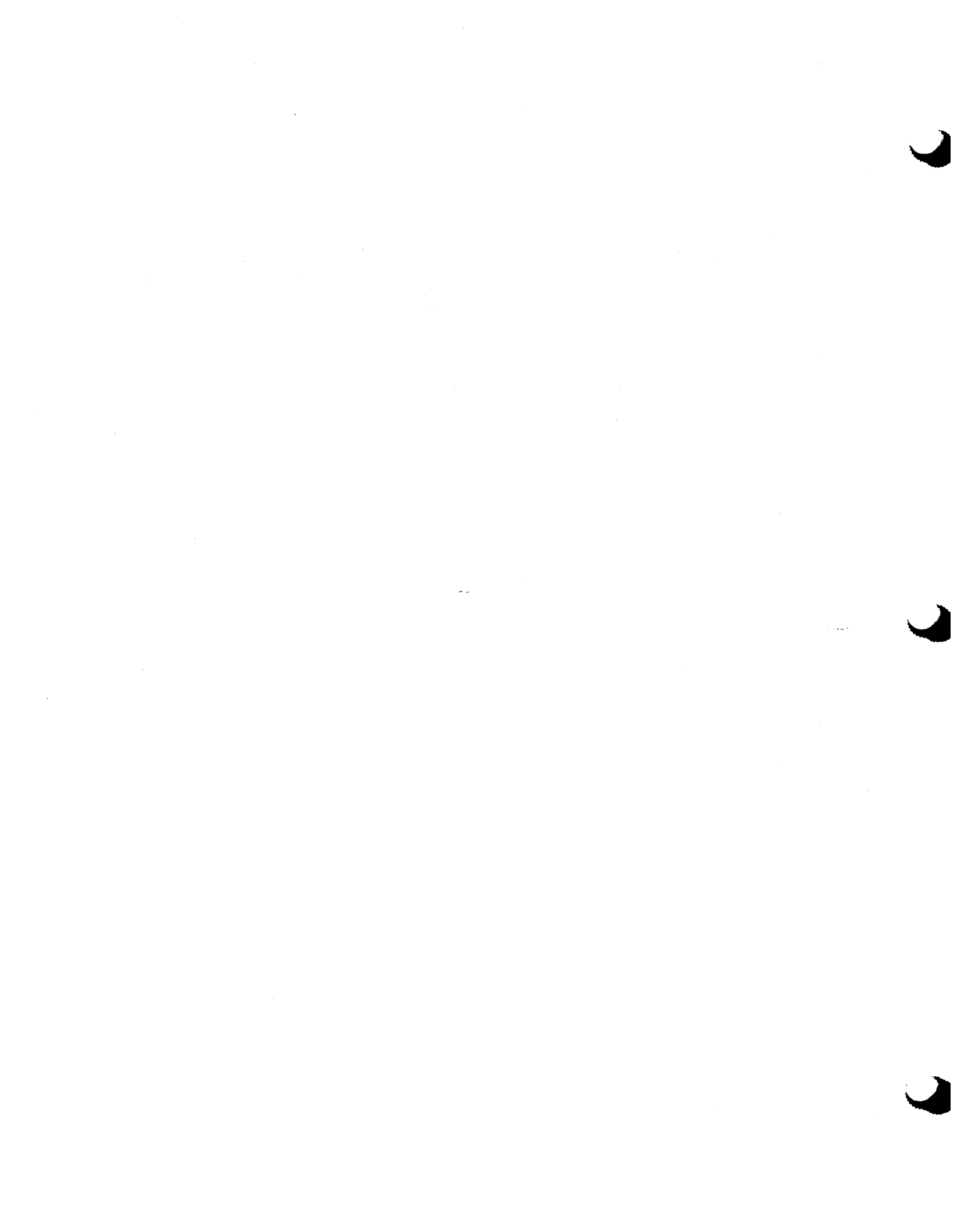
Schedule 2  
Revised 2/1/2005

| Federal Grantor/<br>Pass-through Grantor/<br>Program Title                                                                              | Catalog of<br>Federal Domestic<br>Assistance Number | Federal<br>Expenditures |
|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------------|
| Title I accountability grants                                                                                                           | 84.348                                              |                         |
| Transaction to teaching                                                                                                                 | 84.350                                              |                         |
| School renovation grants                                                                                                                | 84.352                                              |                         |
| Reading first state grants                                                                                                              | 84.357                                              |                         |
| Rural education                                                                                                                         | 84.358                                              |                         |
| English language acquisition grants                                                                                                     | 84.365                                              |                         |
| Mathematics and science partnerships                                                                                                    | 84.366                                              |                         |
| Improving teacher quality - state grants                                                                                                | 84.367                                              |                         |
| Total                                                                                                                                   |                                                     | <u>0</u>                |
| Special education cluster:                                                                                                              |                                                     |                         |
| Special education - grants to states                                                                                                    | 84.027                                              |                         |
| Special education - preschool grants                                                                                                    | 84.173                                              |                         |
| Total                                                                                                                                   |                                                     | <u>0</u>                |
| Total passed-through Mississippi Department of Education                                                                                |                                                     | <u>0</u>                |
| Total U.S. Department of Education                                                                                                      |                                                     | <u>0</u>                |
| <br><u>U.S. Department of Health and Human Services</u>                                                                                 |                                                     |                         |
| Passed-through Mississippi Department of Health and Human Services:                                                                     |                                                     |                         |
| Abstinence education                                                                                                                    | 93.235                                              |                         |
| Temporary assistance for needy families                                                                                                 | 93.558                                              |                         |
| Child care and development block grant                                                                                                  | 93.575                                              |                         |
| Total                                                                                                                                   |                                                     | <u>0</u>                |
| Passed-through the Mississippi Department of Education:                                                                                 |                                                     |                         |
| Cooperative agreements to support comprehensive school health programs to prevent the spread of HIV and other important health programs | 93.938                                              |                         |
| Total passed-through Mississippi Department of Education                                                                                |                                                     | <u>0</u>                |
| Total U.S. Department of Health and Human Services                                                                                      |                                                     | <u>0</u>                |
| <br><u>Corporation for National and Community Service</u>                                                                               |                                                     |                         |
| Passed-through the Mississippi Department of Education:                                                                                 |                                                     |                         |
| Learn and serve America - school and community based programs                                                                           | 94.004                                              |                         |
| Planning and program development grants                                                                                                 | 94.007                                              |                         |
| Total Corporation for National and Community Service                                                                                    |                                                     | <u>0</u>                |
| <br>Total for All Federal Awards                                                                                                        |                                                     | <u>\$ 0</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.
4. The balance outstanding at June 30, 2004, of the loan received in a previous fiscal year under former CFDA #66.702 for asbestos removal was \$.
5. (If applicable, indicate by program the amount of funds transferred between ESEA programs and/or combined in a school wide program.)





School District  
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
 For the Year Ended June 30, 2004

| <u>Expenditures</u>          | <u>Total</u>   | <u>Instruction</u> | <u>Administrative</u> | <u>Other</u> |
|------------------------------|----------------|--------------------|-----------------------|--------------|
| Salaries and fringe benefits | \$ 0           |                    |                       |              |
| Other                        | 0              |                    |                       |              |
| <b>Total</b>                 | <b>\$ 0 **</b> | <b>0 **</b>        | <b>0</b>              | <b>0</b>     |

Total number of students \* 1,500

Cost per student \$ 0 0 0 0

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

**Instruction** - 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 functional codes)

**Administrative** - includes expenditures for the following functions: Support Services - General Administration (2300s); Support Services - School Administration (2400s); and Support Services - Business (2500s)

**Other** - includes all expenditure functions not included in Instruction or Administrative

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

\*\* (NOTE: This should agree to your Exhibit D)



## QUICK REFERENCE INDEX OF SCHOOL RELATED LAWS

This index is provided as a quick reference to many of the state laws that most frequently affect school districts. It is not designed to be an exhaustive nor all-inclusive index. All references to code sections are to the Mississippi Code Annotated(1972).

| <u>Description</u>                                  | <u>Code Section(s)</u> |
|-----------------------------------------------------|------------------------|
| <b>A</b>                                            |                        |
| Accreditation-----                                  | 37-17-1, et seq.       |
| Activity funds-----                                 | 37-7-301(s)            |
| Ad valorem:                                         |                        |
| Local contribution for MAEP-----                    | 37-57-1                |
| Request for ad valorem tax-----                     | 37-57-104              |
| Ad Valorem levy authorization-----                  | 37-57-105              |
| Ad Valorem limitation-----                          | 37-57-107              |
| Notice of tax increase requirements-----            | 27-39-207              |
| School ad valorem tax reduction fund-----           | 37-61-35               |
| Alternative school program-----                     | 37-13-92               |
| Asbestos removal - borrowing-----                   | 37-7-302               |
| <b>B</b>                                            |                        |
| Budgets:                                            |                        |
| Preparation of budget-----                          | 37-61-9(1)(2)(3)       |
| Limitation of Administrative Costs to Budget-----   | 37-61-9(4)             |
| Form of budget-----                                 | 37-61-17               |
| Expenditures limited to budget-----                 | 37-61-19               |
| Revision of budget-----                             | 37-61-21               |
| Board Matters:                                      |                        |
| Executive session laws-----                         | 25-41-7                |
| Insurance-----                                      | 37-7-319               |
| Meetings-----                                       | 37-6-11                |
| Membership dues-----                                | 37-7-301(r)            |
| Minutes and quorum-----                             | 37-6-9                 |
| Monthly financial statement furnished to board----- | 37-9-18                |
| Open meeting laws-----                              | 25-41-1, et seq.       |
| Per diem and travel-----                            | 37-6-13                |
| Powers and duties-----                              | 37-7-301               |
| Surety bonds-----                                   | 37-6-15                |
| Training and education-----                         | 37-7-306               |

**C**

| <u>Description</u>                                | <u>Code Section(s)</u> |
|---------------------------------------------------|------------------------|
| Charter schools-----                              | 37-28-1, et seq.       |
| Commercial drivers license-----                   | 37-151-85              |
| Construction:                                     |                        |
| Architects, requirement to use (or engineer)----- | 73-13-45               |
| Joint construction or operation of schools-----   | 37-7-403               |
| Performance and payment bonds-----                | 31-5-51                |
| Retainage                                         |                        |
| Amount which may be withheld-----                 | 31-5-33                |
| Withdrawal by contractor -----                    | 31-5-15                |
| Contractors:                                      |                        |
| Certificate of responsibility-----                | 31-3-21                |

**D**

|                                                  |                  |
|--------------------------------------------------|------------------|
| Debt:                                            |                  |
| Bond and notes                                   |                  |
| Advertising for sale of bonds-----               | 31-19-25         |
| Bonds and notes-----                             | 37-59-1, et seq. |
| Cannot be issued or sold for less than par-----  | 37-59-27         |
| Execution of negotiable notes-----               | 37-59-111        |
| Election-----                                    | 37-59-11         |
| Limitation on indebtedness - general rule-----   | 37-59-5          |
| Limitation on indebtedness - exceptions-----     | 37-59-7          |
| Limitation on indebtedness - Section 107 ref.--- | 37-59-115        |
| Appropriations of lease rentals-----             | 37-7-359         |
| Election not required-----                       | 31-15-5          |
| Proceeds shall not be diverted-----              | 37-59-29         |
| Property insurance purposes-----                 | 37-7-303         |
| Purpose and use-----                             | 37-59-3          |
| Refunding bonds-----                             | 31-15-1, et seq. |
| Shortfall notes-----                             | 37-57-108        |
| Issuance of Shortfall notes-procedures-----      | 27-39-333        |
| Sixteenth section principal loan-----            | 29-3-113         |

| <u>Description</u>                       | <u>Code Section(s)</u> |
|------------------------------------------|------------------------|
| State Aid Capital Improvement Bonds----- | 37-151-7(5)(e)         |
| Tax/revenue anticipation notes-----      | 37-59-37               |
| Tax levy-----                            | 37-59-23               |
| Annual levy of special tax-----          | 37-59-107              |
| Ten year, three mill note-----           | 37-59-101, et seq.     |
| Transportation-----                      | 37-41-89               |
| <br>Depositories:                        |                        |
| Deposit of funds-----                    | 37-7-333               |
| Publication for bids to keep funds-----  | 27-105-305             |
| Securities required for deposits-----    | 27-105-315             |

**E**

|                                                     |                   |
|-----------------------------------------------------|-------------------|
| Education Enhancement Funds-----                    | 37-61-33          |
| Emergency School Leasing Authority Act of 1986----- | 37-7-351, et seq. |
| Employee Benefits: Insurance                        |                   |
| Purchase of group liability insurance-----          | 37-7-319          |
| School property and workers compensation---         | 37-7-303          |
| Self-insured plan-----                              | 25-15-101         |
| Energy efficiency leased equipment - contracts----- | 31-7-14           |
| Ethics:                                             |                   |
| Interest in school contract-----                    | 37-11-27          |
| General ethics-----                                 | 25-4-105          |

**F**

|                                                     |            |
|-----------------------------------------------------|------------|
| Financial:                                          |            |
| Audit of school funds-----                          | 37-61-29   |
| Budgets:                                            |            |
| Expenditures should be limited to budget-----       | 37-61-19   |
| Preparation -----                                   | 37-61-9    |
| Revision -----                                      | 37-61-21   |
| Deficit cash balances-----                          | 37-9-14(7) |
| Deficit fund balance - -----                        | 37-61-19   |
| Fiscal year-----                                    | 37-61-1    |
| Monthly financial statement furnished to board----- | 37-9-18    |

| <u>Description</u>                                      | <u>Code Section(s)</u> |
|---------------------------------------------------------|------------------------|
| Payment of invoices-----                                | 37-9-14                |
| Surplus funds, transfer of-----                         | 27-105-367             |
| Timely payment of invoices-----                         | 31-7-305               |
| Unemployment compensation revolving fund-----           | 71-5-359               |
| Use of school funds, generally-----                     | 37-61-3                |
| <b>Funding Sources:</b>                                 |                        |
| Equity Funding-----                                     | 37-22-1, et seq.       |
| Minimum program-----                                    | 37-19-1, et seq.       |
| Assistant reading instructors-----                      | 37-21-7                |
| Tax levy-----                                           | 37-57-1                |
| Teachers' salaries-----                                 | 37-19-7                |
| <b>MS Accountability and Adequate Education Program</b> |                        |
| Allocation determination(MAEP)-----                     | 37-151-7               |
| National forest funds, allocation of-----               | 49-19-23               |
| <br>                                                    |                        |
| <b>G</b>                                                |                        |
| Garnishments-----                                       | 11-35-23(3)(b)         |
| <br>                                                    |                        |
| <b>I</b>                                                |                        |
| Interlocal cooperation of governmental units-----       | 17-13-17, et seq.      |
| <i>Investment allocation of interest earned</i> -----   | 37-59-43               |
| Investments of surplus funds-----                       | 37-59-43               |
| Investment of debt proceeds-----                        | 31-19-5                |
| Sixteenth section funds-----                            | 29-3-113               |
| <br>                                                    |                        |
| <b>L</b>                                                |                        |
| <b>Land:</b>                                            |                        |
| Acquisition of land outside of district-----            | 37-7-401               |
| Acquisition & disposition by exchanges-----             | 37-7-431               |
| Leases - buildings-----                                 | 37-7-301(v)            |
| <b>Leave:</b>                                           |                        |
| Teachers and other employees-----                       | 37-7-307               |
| Military leave-----                                     | 33-1-21                |
| Unused leave, payment of-----                           | 37-7-307(5)            |

| <u>Description</u>                             | <u>Code Section(s)</u> |
|------------------------------------------------|------------------------|
| <b>Legal:</b>                                  |                        |
| Settlement of a claim against an employee----- | 25-1-47                |
| Liability insurance-----                       | 11-46-16,17,20         |
| <br>                                           |                        |
| Nepotism-----                                  | 37-9-21                |

N

P

|                                                                                      |                   |
|--------------------------------------------------------------------------------------|-------------------|
| <b>Personnel:</b>                                                                    |                   |
| Asst. teacher, requirement to compensate while<br>student teaching requirements----- | 37-3-2(6)(a)      |
| Contracts (employee) - breach of contract, effects-----                              | 37-9-43           |
| Contracts (employee) - abandonment of employment---                                  | 37-9-57           |
| Contracts (employee) - principals and teachers-----                                  | 37-9-23           |
| Contracts (employee) - release from-----                                             | 37-9-55           |
| Contracts (employee) - requirement-----                                              | 37-9-43           |
| Contracts (employee) - suspension/removal -----                                      | 37-9-59           |
| Contracts (employee) - written notice of nonrenewal----                              | 37-9-105          |
| Deceased employee, payment of wages due-----                                         | 91-7-323, et seq. |
| <i>Donated leave</i> -----                                                           | 37-7-307          |
| Extra work by employee-----                                                          | 37-11-27          |
| <i>Leave regulations</i> -----                                                       | 37-7-307          |
| Licenses for teachers and administrators-----                                        | 37-3-2            |
| Noninstructional personnel, employment of-----                                       | 37-9-3            |
| Board approval of noncertificated employees-----                                     | 37-7-301(w)       |
| Retirement adjustment, nonprofessional employees-----                                | 25-11-103(w)      |
| Salaries - when paid-----                                                            | 37-9-39           |
| Selection of asst. superintendents & principals-----                                 | 37-9-15           |
| Selection of teachers-----                                                           | 37-9-17           |
| Unused leave, payment for-----                                                       | 37-7-307(5)       |
| Workers' compensation-----                                                           | 71-3-5            |



| <u>Description</u>                                     | <u>Code Section(s)</u> |
|--------------------------------------------------------|------------------------|
| <b>Property:</b>                                       |                        |
| Disposition/sale of property-----                      | 37-7-451, et seq.      |
| Disposition of property, additional method-----        | 37-7-471, et seq.      |
| Exchange of school property-----                       | 37-7-431               |
| Maintenance of school grounds-----                     | 19-3-42                |
| Maintenance of driveways/parking lots by Supervisors-- | 65-7-74                |
| Marking on vehicles-----                               | 25-1-87                |
| Acquisition of real property with federal funds-----   | 43-37-3                |
| <br>                                                   |                        |
| Taxes on school district property                      |                        |
| Exemption from ad valorem taxes-----                   | 27-31-1(e)             |
| Exemption and credits; sale of vehicles-----           | 27-51-41               |
| Exemption from motor vehicle privilege-----            | 27-19-27               |
| Trade-in of property allowed when purchasing-----      | 19-7-5                 |
| <br>                                                   |                        |
| <b>Purchasing:</b>                                     |                        |
| Capital improvements using Public School Building----  | 37-47-29               |
| Definitions-----                                       | 31-7-1                 |
| Exemptions to purchase laws-----                       | 31-7-13(m)             |
| General provisions-----                                | 31-7-13                |
| Public School purchases, definitions-----              | 37-39-1, et seq.       |
| Items purchased for resale-----                        | 31-7-1(e), 31-7-13     |
| Leases purchases - equipment-----                      | 31-7-13(e)             |
| Motor vehicles, additional method-----                 | 31-7-18                |
| Real property-----                                     | 37-7-301(aa)           |
| Acquisition of real property with federal funds-----   | 43-37-3                |
| Rebates, refunds, etc.-----                            | 31-7-23                |
| School buses-----                                      | 37-41-101              |
| State contract items-----                              | 31-7-12                |