

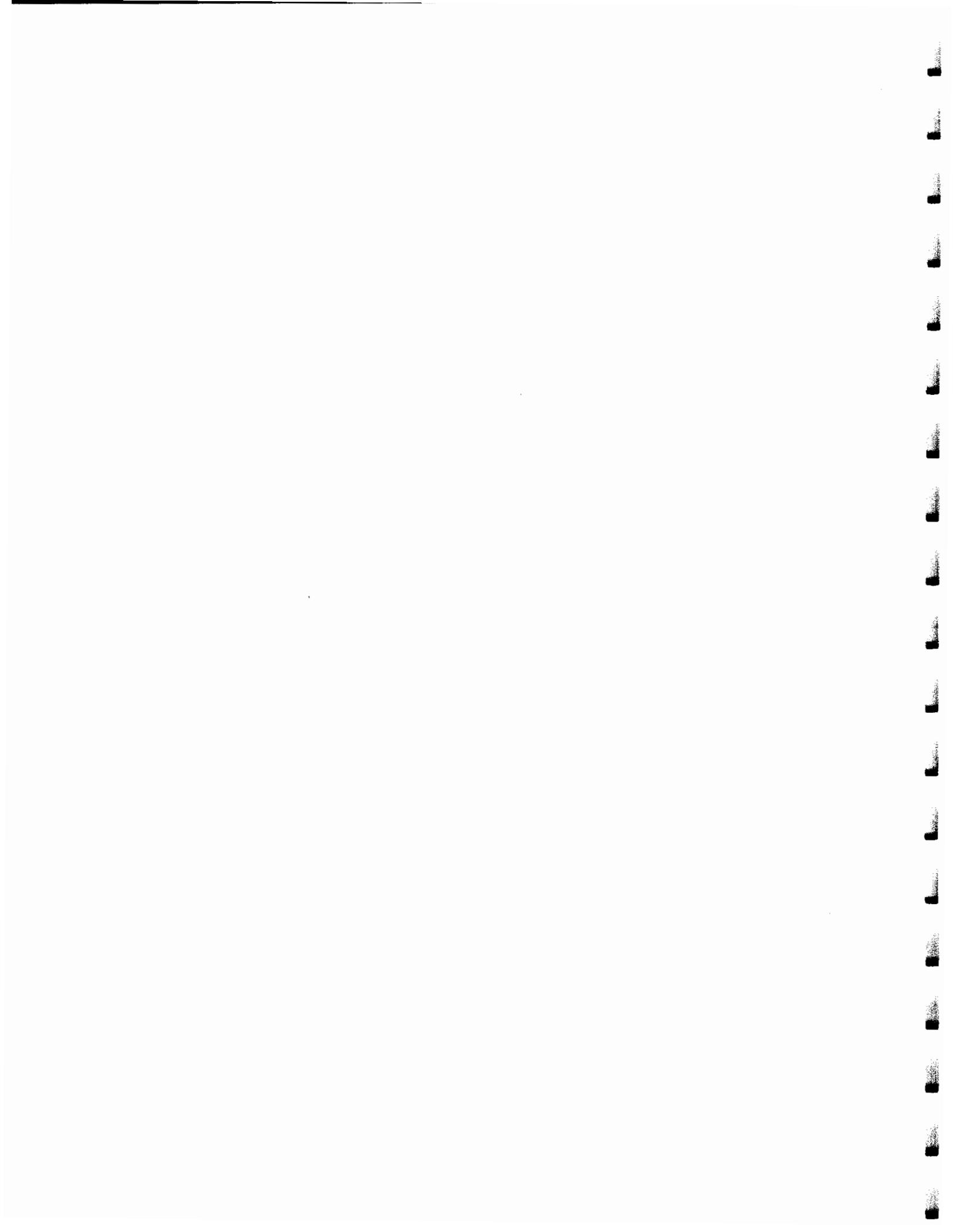


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AMITE COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2005

Presented by:
Dribben & Associates, Ltd.
Albert F. Dribben, CPA
P. O. Box 1411
113 North Broadway Avenue
McComb, MS 39649-1411



AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

AMITE COUNTY SCHOOL DISTRICT

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

September 13, 2005

Superintendent and School Board
Amite County School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Amite County School District as of and for the year ended June 30, 2005, which collectively comprise the Amite County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility for the Amite County School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

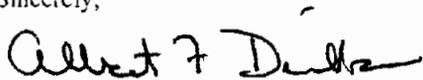
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Amite County School District, as of June 30, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2005, on our consideration of the Amite County School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 11 through 17 and the Budgetary Comparison Schedule and corresponding notes on pages 44 through 46 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Sincerely,



Albert F. Dribben, CPA

Dribben & Associates, Ltd.

McComb, Mississippi

AMITE COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY BOARD OF EDUCATION

533 MAGGIE STREET
P.O. BOX 378
LIBERTY, MISSISSIPPI 39645

TELEPHONE: (601) 657-4361

FAX: (601) 657-4291

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

The discussion and analysis of Amite County School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

This discussion and analysis is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34—*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented and is included in the discussion and analysis.

FINANCIAL HIGHLIGHTS

- Total net assets increased \$1,021,269, which represents a 12% increase from fiscal year 2004. During the fiscal year, the district had a timber sale generating revenues of \$1,628,581. The majority of the revenue received from the timber sale was transferred to the General Fund to be used for operating activities.
- General revenues accounted for \$9,254,387 in revenues, or 73% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,420,980 or 27% of total revenues.
- The District had \$11,654,098 in expenses; only \$3,420,980 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$9,254,387 were adequate to provide for these programs.
- Among major funds, the General Fund had \$7,449,187 in revenues and \$7,919,228 in expenditures. After net other financing sources of \$1,647,098, the net change in fund balance for the General Fund was an increase of \$1,177,057. This increase is a result of the transfer of revenue generated from the timber sale to the General Fund.
- Capital assets, net of accumulated depreciation, decreased by \$32,164.
- Long-term debt increased by \$210,561. During the fiscal year, the district obtained a transportation loan in the amount of \$230,500.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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

Additionally, a schedule of expenditures of federal awards is required by OMB Cir. A-133 and is included in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of government's financial position. In the case the District, assets exceeded liabilities by \$9,686,763 as of June 30, 2005.

The district's net assets are comprised of 1) net assets invested in capital assets, net of related debt, 2) restricted net assets and 3) unrestricted net assets. \$2,922,896 of the District net assets reflected its investment in capital assets (e. g., land, buildings, building improvements, improvements other than buildings, mobile equipment and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending. \$9,065,737 of the District's net assets reflects its restricted net assets. A portion of the restricted net assets is expendable for school bases activities, capital improvements, forestry improvements and unemployment benefits. The remaining portion of the restricted net assets is nonexpendable for the sixteenth section investment purposes. The unrestricted portion of the District's net assets is \$(2,301,870). The District's unrestricted net assets are in the negative due primarily to a prior year reclassification of sixteenth section principal loans from long-term debt to advances.

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

The following tables present a summary of the District's net assets for the fiscal year ended June 30, 2005 and comparative data for the fiscal year ended June 30, 2004.

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Current assets	\$ 2,762,727	1,995,719
Other assets	4,798,741	4,371,161
Capital assets, net	<u>3,153,396</u>	<u>3,185,560</u>
Total assets	<u>10,714,864</u>	<u>9,552,440</u>
Current liabilities	720,361	730,100
Long-term debt outstanding	<u>307,740</u>	<u>97,179</u>
Total liabilities	<u>1,028,101</u>	<u>827,279</u>
Net assets:		
Invested in capital assets, net of related debt	2,922,896	3,185,560
Restricted	9,065,737	9,046,446
Unrestricted	<u>(2,301,870)</u>	<u>(3,506,845)</u>
Total net assets	<u>\$ 9,686,763</u>	<u>8,725,161</u>

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

- Current assets increased from the previous fiscal year due primarily to an increase in cash and cash equivalents resulting from revenue generated during the fiscal year from the sale of timber.
- Other assets increased from the previous fiscal year due to an increase in cash and cash equivalents in the sixteenth section principal fund.
- Long-term debt outstanding increased from the previous fiscal year due primarily to the issuance of a transportation loan during the fiscal year.
- Net assets invested in capital assets, net of related debt, decreased from the previous fiscal year due primarily to the decrease in capital assets due mainly to depreciation and the increase in long-term debt related to those capital assets.
- Unrestricted net assets increased from the previous fiscal year due primarily to revenue generated during the fiscal year from the sale of timber.

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2005 were \$12,675,367. The total cost of all programs and services was \$11,654,098. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2005 and comparative data for the fiscal year ended June 30, 2004.

Revenues:	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Program revenues	\$ 3,420,980	3,590,344
General revenues	<u>9,254,387</u>	<u>9,518,604</u>
Total revenues	<u>12,675,367</u>	<u>13,108,948</u>
Expenses:		
Instruction	6,969,579	6,831,691
Support services	3,734,346	3,999,004
Non-instructional	669,323	744,572
Sixteenth Section	141,396	121,075
Interest and other expenses on long-term liabilities	<u>139,454</u>	<u>304,066</u>
	<u>11,654,098</u>	<u>12,000,408</u>
Increase in net assets	<u>\$ 1,021,269</u>	<u>1,108,540</u>

Governmental activities. The following table presents, for the fiscal year ended June 30, 2005, the cost of five major District functional activities: instructional, support services, non-instructional, sixteenth section and interest and other expenses on long-term liabilities. The table also shows each function's net cost (total cost less changes for the services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

	<u>2005</u>		<u>2004</u>	
	Total Expenses	Net(Expense) Revenue	Total Expenses	Net(Expense) Revenue
Instruction	\$ 6,969,579	(5,428,785)	\$ 6,831,691	(5,209,879)
Support services	3,734,346	(2,831,222)	3,999,004	(3,081,200)
Non-instructional	669,323	43,581	744,572	(35,044)
Sixteenth Section	141,396	122,762	121,075	220,125
Interest and other expenses on long-term liabilities	<u>139,454</u>	<u>(139,454)</u>	<u>304,066</u>	<u>(304,066)</u>
	<u>\$ 11,654,098</u>	<u>(8,233,118)</u>	<u>\$ 12,000,408</u>	<u>(8,410,064)</u>

- The net cost of governmental activities for fiscal year 2005 in the amount of \$8,233,118 was financed by general revenue, which is made up of primarily property taxes of \$1,655,639, state revenue of \$5,308,478 and sixteenth section sources of \$1,628,581.
- Investment earnings accounted for \$391,114 of funding.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed fiscal year June 30, 2005, its governmental funds reported a combined fund balance of \$6,845,766. The net change in fund balance for the fiscal year was an increase of \$1,210,057 due primarily to the revenue generated from a timber sale of \$1,628,581 during the fiscal year. A portion of the fund balance is reported by fund type in the unreserved, undesignated section of the governmental funds balance sheet. Included in the unreserved, undesignated section of the balance sheet is a negative fund balance reported in the General fund in the amount of \$2,219,971, which is primarily a result of a prior year reclassification of sixteenth section loans payable from long-term debt to advances. The portion of the fund balance reported in the Special Revenue Funds will be used for school based activities. The portion of the fund balance reported in the Capital project funds is a result of transfers from the General Fund and will be used for capital improvements. The remaining fund balance is reported in the reserved, or designated, section of the governmental funds balance sheet to indicate that it is not available for spending because it has already been committed. This portion of the fund balance is reserved for advances, inventory, unemployment benefits, forestry improvements and permanent fund purposes.

The General Fund is the principal operating fund of the District. The net change in fund balance for the General Fund for the fiscal year was an increase of \$1,177,057 due primarily to the revenues generated from the sale of timber during the fiscal year that was transferred into the General Fund. The net change in fund balance for the sixteenth section interest fund was an increase of \$8,839. The net change in fund balance for the sixteenth section principal fund was an increase of \$56,440 due to the excess of sixteenth section revenues over transfers to the sixteenth section interest fund. The net change in fund balance for the other governmental funds for the fiscal year was a decrease of \$32,279 due to the deficiency of revenue over expenditures in various funds.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District has revised the annual operating budget. Significant budget revisions during the fiscal year are as follows:

- Budgeted amounts for revenues from state sources in the General Fund were decreased. The original budget was overstated and the revenue was decreased to more accurately reflect the revenue received from the state sources during the fiscal year.
- Budgeted amounts for instruction, support services, non-instructional services and debt service interest expenditures in the General Fund were decreased. The original budget was overstated and the district limited expenditures during the fiscal year in order to increase the fund balance.
- Budgeted amounts for transfers into the General Fund were increased to reflect the increase in funds transferred from the sixteenth section interest fund that were generated from the sale of timber.
- Budgeted amounts of revenue from sixteenth section sources in the sixteenth section interest fund were increased to reflect the increase in revenue generated from the sale of timber during the fiscal year.
- Budgeted amounts for transfers out of the sixteenth section interest fund were increased to reflect the increase in funds transferred to the General Fund that were generated from the sale of timber.

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

supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2005, the District's total capital assets, before depreciation, were \$6,261,467, including land, buildings, building improvements, improvements other than buildings, mobile equipment and furniture and equipment. This amount represents a gross increase of \$279,827 from the previous year. During the fiscal year, the district purchased five school buses and several other items of mobile equipment and furniture and equipment. Total depreciation expense for the year was \$221,091. Total accumulated depreciation as of June 30, 2005 was \$3,108,071, resulting in total net assets of \$3,153,396.

Debt administration. At June 30, 2005, the District had \$230,500 in transportation loans and \$77,240 in compensated absences payable, of which \$36,317 is due within one year.

CURRENT ISSUES

The General Fund of the School District has a negative fund balance in the amount of \$2,219,971. In the past, the District has borrowed sixteenth section principal funds for the purpose of purchasing certain capital assets and the construction or renovation of the school facilities as allowed by state law. Prior to the beginning of fiscal year 2003, the sixteenth section principal loans payable were recorded as general long-term debt in the general long-term debt account group. Beginning in the fiscal year 2003, the sixteenth section principal loans were treated as advances from the sixteenth section principal fund to the General fund. Therefore, the reclassification of the loans from long-term debt to advances decreased the General Fund's fund balance significantly and resulted in a negative fund balance in the General Fund. Prior to the fiscal year 2004, the district had been unable to repay the principal and interest payments of the sixteenth section principal loans for several years. However, the district was able to use the funds generated from the sale of timber to pay the principal and interest payments in arrears.

The millage has increased from 19.45 mills in fiscal year 2004 to 22.45 mills in fiscal year 2005.

Latest enrollment figures indicate that student enrollment in the District has not increased or decreased significantly over the past several years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report, contact the Superintendent's Office of the Amite County School District, P. O. Box 378, Liberty, MS 39645.

AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2005

Exhibit A

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Assets	
Cash and cash equivalents	\$ 2,444,179
Due from other governments	309,320
Inventories and prepaid items	9,228
Restricted assets	4,798,741
Capital assets, net	<u>3,153,396</u>
Total Assets	\$ <u><u>10,714,864</u></u>
Liabilities	
Accounts payable and accrued liabilities	\$ 715,626
Due to other governments	76
Interest payable on long-term liabilities	4,659
Long-term liabilities, due within one year	
Capital related liabilities	34,000
Non-capital related liabilities	2,317
Long-term liabilities, due beyond one year	
Capital related liabilities	196,500
Non-capital related liabilities	<u>74,923</u>
Total Liabilities	\$ <u><u>1,028,101</u></u>
Net Assets	
Investment in capital assets, net of related debt	\$ 2,922,896
Restricted net assets:	
Expendable:	
School - based activities	573,174
Capital improvements	849,335
Forestry improvements	127,979
Unemployment benefits	39,528
Non-expendable:	
Sixteenth section	7,475,721
Unrestricted	<u>(2,301,870)</u>
Total Net Assets	\$ <u><u>9,686,763</u></u>

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

AMITE COUNTY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2005

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Primary Government
				Governmental Activities
Primary Government:				
Governmental Activities				
Instruction	\$ 6,969,579	51,171	1,489,623	(5,428,785)
Support services	3,734,346	-	903,124	(2,831,222)
Non-instructional	669,323	116,936	595,968	43,581
Sixteenth section	141,396	264,158	-	122,762
Interest on long-term liabilities	139,454	-	-	(139,454)
Total governmental activities	\$ 11,654,098	432,265	2,988,715	(8,233,118)
General Revenues:				
Taxes:				
General purpose levies				1,655,639
Unrestricted grants and contributions:				
State				5,308,478
Federal				253,398
Unrestricted investment earnings				391,114
Sixteenth section sources				1,628,581
Other				17,177
Total General Revenues				9,254,387
Change in Net Assets				1,021,269
Net Assets - Beginning				8,725,161
Prior Period Adjustments:				(59,667)
Net Assets - Beginning - Restated				8,665,494
Net Assets - Ending				\$ 9,686,763

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

AMITE COUNTY SCHOOL DISTRICT
 Balance Sheet - Governmental Funds
 June 30, 2005

Exhibit C

	Major Funds				
	General Fund	16th Section Interest Fund	16th Section Principal Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 874,250	23,874	4,798,741	1,546,055	7,242,920
Due from other governments	87,913	-	-	216,062	303,975
Due from other funds	5,563	-	-	72	5,635
Advance to other funds	-	-	2,676,980	-	2,676,980
Inventories and prepaid items	-	-	-	9,228	9,228
Total Assets	\$ 967,726	23,874	7,475,721	1,771,417	10,238,738
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 510,351	15,035	-	190,240	715,626
Due to other funds	366	-	-	-	366
Advances from other funds	2,676,980	-	-	-	2,676,980
Total Liabilities	3,187,697	15,035	-	190,240	3,392,972
Fund Balances:					
Reserved for:					
Advances	-	-	2,676,980	-	2,676,980
Inventory	-	-	-	9,228	9,228
Unemployment benefits	-	-	-	39,528	39,528
Forestry improvements	-	-	-	127,979	127,979
Permanent fund purposes	-	-	4,798,741	-	4,798,741
Unreserved:					
Undesignated, reported in:					
General fund	(2,219,971)	-	-	-	(2,219,971)
Special Revenue funds	-	8,839	-	555,107	563,946
Capital Projects funds	-	-	-	849,335	849,335
Total Fund Balances	(2,219,971)	8,839	7,475,721	1,581,177	6,845,766
Total Liabilities and Fund Balances	\$ 967,726	23,874	7,475,721	1,771,417	10,238,738

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

AMITE COUNTY SCHOOL DISTRICT
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
 June 30, 2005

Exhibit C-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 6,845,766
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.	
Capital Assets	6,261,467
Less Accumulated Depreciation	<u>(3,108,071)</u>
	<u>3,153,396</u>
2. Liabilities not due and payable in the current period are not reported in the funds, as follows:	
Long-term liabilities	(307,740)
Accrued interest on debt	<u>(4,659)</u>
	<u>(312,399)</u>
Total Net Assets - Governmental Activities	\$ <u><u>9,686,763</u></u>

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

AMITE COUNTY SCHOOL DISTRICT

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2005

	Major Funds				Total Governmental Funds
	General	16th Section	16th Section	Other	
	Fund	Interest Fund	Principal Fund	Governmental Funds	
Revenues:					
Local sources	\$ 1,829,506	-	-	76,334	1,905,840
State sources	5,315,932	-	-	495,204	5,811,136
Federal sources	303,749	-	-	2,435,706	2,739,455
Sixteenth section sources	-	1,581,007	373,813	264,116	2,218,936
Total Revenues	7,449,187	1,581,007	373,813	3,271,360	12,675,367
Expenditures:					
Instruction	5,198,885	-	-	1,660,868	6,859,753
Support services	2,565,083	-	-	1,333,324	3,898,407
Noninstructional services	20,465	-	-	637,394	657,859
Sixteenth section	-	6,708	-	134,688	141,396
Facilities acquisition and construction	-	-	-	3,600	3,600
Debt service:					
Interest	134,795	-	-	-	134,795
Total Expenditures	7,919,228	6,708	-	3,769,874	11,695,810
Excess (Deficiency) of Revenues Over Expenditures					
	(470,041)	1,574,299	373,813	(498,514)	979,557
Other Financing Sources (Uses):					
Proceeds of loans	-	-	-	230,500	230,500
Operating transfers in	2,622,283	470,373	-	407,413	3,500,069
Operating transfers out	(975,185)	(2,035,833)	(317,373)	(171,678)	(3,500,069)
Total Other Financing Sources (Uses)	1,647,098	(1,565,460)	(317,373)	466,235	230,500
Net Change in Fund Balances	1,177,057	8,839	56,440	(32,279)	1,210,057
Fund Balances:					
July 1, 2004	(3,409,666)	-	7,419,281	1,627,165	5,636,780
Prior period adjustments (Note)	12,638	-	-	(12,638)	-
July 1, 2004, as restated	(3,397,028)	-	7,419,281	1,614,527	5,636,780
Increase (Decrease) in reserve for inventory	-	-	-	(1,071)	(1,071)
June 30, 2005	\$ (2,219,971)	8,839	7,475,721	1,581,177	6,845,766

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

AMITE COUNTY SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2005

Exhibit D-1

Amount

Net Change in Fund Balances - Governmental Funds \$ 1,210,057

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

1.	Capital outlays are reported as expenditures in governmental funds but are not reported as expenses in the Statement of Activities. Instead, costs associated with capital assets are capitalized in the Statement of Net Assets.	248,594
2.	Depreciation is not an expenditure in governmental funds but is an expense of allocating the cost of capital assets over their useful lives in the Statement of Net Assets.	(221,091)
3.	The issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the Statement of Net Assets.	(230,500)
4.	Under the modified accrual basis accounting used governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
	Compensated Absences Decreases	19,939
	Accrued interest on debt Increases	(4,659)
5.	A decrease in the reserve for inventory is reported as a direct decrease to the fund balance in the governmental funds but is an increase in noninstructional service expense in the Statement of Activities.	<u>(1,071)</u>
	Change in Net Assets of Governmental Activities	\$ <u><u>1,021,269</u></u>

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

AMITE COUNTY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
June 30, 2005

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 8,349
Due from other funds	76
Total Assets	\$ <u>8,425</u>
Liabilities	
Due to other funds	5,345
Due to student clubs	<u>3,080</u>
Total Liabilities	\$ <u>8,425</u>

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

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

AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 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.

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

B. Basis of Presentation.

The school district's basic financial statement consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the school district as a whole. They include all funds of the reporting entity except for fiduciary funds, if applicable. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

The Statement of Net Assets presents the financial condition of the governmental activities of the school district at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the school district's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the school district, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the school district.

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

Fund Financial Statements:

Fund financial statements of the school district are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

C. Measurement Focus and Basis of Accounting.

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Funds financial statements. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows takes place. 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.

Sixteenth Section Principal Fund - This is a permanent fund used to account for resources from sixteenth section lands 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.

Sixteenth Section Interest Fund- This is a special revenue fund. 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.

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

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

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.

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

FIDUCIARY FUNDS

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

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting* issued in 2005 by the Government Financial Officers Association and 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.

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

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 consist 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.

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

Investments are reported at fair value.

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).

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

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

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.

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

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

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-

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

purchase agreements and other commitments. In the government-wide Statement of Net Assets, long-term debt and other long-term liabilities are reported as liabilities in the governmental activities. See Note 5 for details.

K. 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.

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 4 for details for interfund transactions, including receivables and payables at year-end.

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, 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."

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

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:

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.

M. Property Taxes.

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

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 the compensated absence liability payable from expendable available financial resources only if the payable has matured, for example, an employee resigns or retires.

(2) Changes in Accounting Standards

As required, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures-an amendment of GASB Statement No. 3* for the current fiscal year. This Statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

currency risk. Appropriate note disclosures have been incorporated to comply with the requirements of this standard.

(3) 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 \$7,242,920 and \$8,349 respectively. The carrying amount of deposits reported in the government-wide statements was: Cash and cash equivalents \$2,444,179 and Restricted Assets \$4,798,741. The restricted assets represent the cash balance of the sixteenth section principal funds (Permanent Funds) which is legally restricted and may not be used for purposes that support the district's program. The bank balance was \$3,985,005.

(4) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds:

	<u>Due From</u>	<u>Due To</u>
Major Funds:		
General Fund	\$ 5,563	366
Other governmental funds	72	
Fiduciary fund	76	5,345
Total Funds	<u>\$ 5,711</u>	<u>5,711</u>

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

B. Advances To/From Other Funds:

	<u>Advances To</u>	<u>Advances From</u>
Major funds:		
General fund	\$ 2,676,980	
Other major funds:		
Sixteenth section principal fund		2,676,980
 Total Funds	 <u>\$ 2,676,980</u>	 <u>2,676,980</u>

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.

Sixteenth section principal loans payable.

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

Year Ending June 30	Principal	Interest	Total
2006	\$ 374,056	107,079	481,135
2007	332,090	92,117	424,207
2008	332,539	78,833	411,372
2009	311,033	6,532	317,565
2010-2014	1,067,047	162,977	1,230,024
2015-2019	185,968	36,769	222,737
2020-2021	74,247	4,484	78,731
 Total	 <u>\$ 2,676,980</u>	 <u>488,791</u>	 <u>3,165,771</u>

C. Transfers In/Out.

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$ 2,622,283	975,185
Other Major Funds:		
16th Section Interest Fund	470,373	2,035,833
16th Section Principal Fund		317,373
Other Governmental Funds	407,413	171,678
 Total Funds	 <u>\$ 3,500,069</u>	 <u>3,500,069</u>

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

(5) Capital Assets.

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

	Balance 7/1/2004	Additions	Adjustments	Balance 6/30/2005
<u>Non-depreciable capital assets:</u>				
Land	\$ 1,010			1,010
Total non-depreciable capital assets	<u>1,010</u>	<u>-</u>	<u>-</u>	<u>1,010</u>
<u>Depreciable capital assets:</u>				
Buildings	3,393,762			3,393,762
Building improvement	645,174			645,174
Improvements other	255,500			255,500
Mobile equipment	1,201,760	243,038	25,030	1,469,828
Furniture and equipment	484,434	5,556	6,203	496,193
Total depreciable capital assets	<u>5,980,630</u>	<u>248,594</u>	<u>31,233</u>	<u>6,260,457</u>
<u>Less accumulated depreciation for:</u>				
Buildings	(1,654,755)	(48,660)		(1,703,415)
Building improvement	(65,039)	(25,807)	(3,595)	(94,441)
Improvements other	(153,300)	(10,220)		(163,520)
Mobile equipment	(583,699)	(84,150)	(99,660)	(767,509)
Furniture and equipment	(339,287)	(52,254)	12,355	(379,186)
Total accumulated depreciation	<u>(2,796,080)</u>	<u>(221,091)</u>	<u>(90,900)</u>	<u>(3,108,071)</u>
Total depreciable capital assets, net	<u>3,184,550</u>	<u>27,503</u>	<u>(59,667)</u>	<u>3,152,386</u>
Governmental activities capital assets, net	<u>\$ 3,185,560</u>	<u>27,503</u>	<u>(59,667)</u>	<u>3,153,396</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 122,786
Support services	85,918
Non-instructional	12,387
Total depreciation expense	<u>\$ 221,091</u>

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

The following general fixed assets have been valued at estimated historical cost:

Land	\$ 1,010
Buildings	3,393,792
Improvements other than buildings	<u>255,500</u>
Total	<u>\$ 3,650,302</u>

The estimated historical cost of land, buildings, and improvements other than buildings was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition.

Adjustments were made due to reclassification of assets.

(6) Long-term liabilities.

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

	Balance <u>7/1/04</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/05</u>	Amount Due within one year
A. Transportation note	\$ -	230,500		230,500	34,000
B. Compensated absences payable	97,179		(19,939)	77,240	2,317
Total	<u>\$ 97,179</u>	<u>230,500</u>	<u>(19,939)</u>	<u>307,740</u>	<u>36,317</u>

A. Transportation Note.

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 34,000	7,491	41,491
2007	35,500	6,388	41,888
2008	37,500	5,232	42,732
2009	39,500	4,013	43,513
2010	41,000	2,730	43,730
2011-2015	43,000	1,397	44,397
Total	<u>\$ 230,500</u>	<u>27,251</u>	<u>257,751</u>

B. 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.

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

(7) Defined Benefit Pension Plan.

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

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, 2005, 2004 and 2003 were \$688,349, \$638,403, and \$451,313, respectively, which equaled the required contributions for each year.

(8) Sixteenth Section Lands.

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

Year Ending June 30	Amount
2006	\$ 78,079
2007	63,942
2008	42,806
2009	40,068
2010	34,538
2011-2015	21,469
2016-2020	390
Total	<u>\$ 281,292</u>

(9) Deficit Fund Balance of Individual Funds.

The district maintenance fund has a deficit fund balance in the amount of \$2,249,748. 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.

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

(10) Prior Period Adjustments/Exhibits.

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanations</u>	<u>Amount</u>
An adjustment to correct prior year errors in recording of capital assets and depreciation expense.	\$ <u>59,667</u>
Total	\$ <u><u>59,667</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	An adjustment to correct a prior year error in recording an asset or liability.	\$ (12,638)
Summer School Lunch - 2003	An adjustment to correct a prior year error in recording an asset or liability.	3,512
Summer School Lunch - 2004	An adjustment to correct a prior year error in recording an asset or liability.	7,767
Forestry Escrow	An adjustment to correct a prior year error in recording an asset or liability.	1,359
Total		<u>\$ -</u>

(11) Litigation

The school district has one case on appeal to the Mississippi Supreme Court regarding the termination of a school principal who was later reinstated. No estimate of the outcome of the case can be made at present, but the district intends to vigorously defend its stand.

(12) Subsequent Events.

The school district has approximately \$1.7 million of the approved \$4 million timber to be sold still to be cut. However, since Hurricane Katrina has damaged timber and flooded the markets with other timber damaged on landowners' property, the status of the \$1.7 million in revenue from future timber cuts is in question.

The district also has approved proceeding with a \$1 million tax anticipation loan. However, upon presenting a tax ad valorem levy request to the county board of supervisors, the supervisors voted against the school district's levy request for the 2006 fiscal year.

Management has stated that approximately \$500,000 is needed to improve heating systems at two of the school locations and is reviewing the possibility of detaining a master lease for this expense.

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2005

On August 29, 2005, Hurricane Katrina passed through the State of Mississippi. Amite County School District suffered significant damage to many of its facilities during this hurricane. An estimate of the amount of loss to the district is not determinable at this time.

(13) Risk Management.

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

Participation in Public Entity Risk Pool.

The school district is a member of the Mississippi School Boards Association 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 \$400,000. For a claim exceeding \$400,000, 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.

AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 1,823,458	1,823,641	1,829,506	183	5,865
State sources	5,417,713	5,317,332	5,315,932	(100,381)	(1,400)
Federal sources	264,000	302,349	303,749	38,349	1,400
Total Revenues	<u>7,505,171</u>	<u>7,443,322</u>	<u>7,449,187</u>	<u>(61,849)</u>	<u>5,865</u>
Expenditures:					
Instruction	5,511,925	5,198,885	5,198,885	313,040	-
Support services	2,693,450	2,565,083	2,565,083	128,367	-
Noninstructional services	127,190	20,465	20,465	106,725	-
Debt service:					
Interest	609,250	134,795	134,795	474,455	-
Total Expenditures	<u>8,941,815</u>	<u>7,919,228</u>	<u>7,919,228</u>	<u>1,022,587</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,436,644)</u>	<u>(475,906)</u>	<u>(470,041)</u>	<u>960,738</u>	<u>5,865</u>
Other Financing Sources (Uses):					
Sale of transportation equipment	15,000			(15,000)	-
Operating transfers in	2,267,688	2,625,593	2,622,283	357,905	(3,310)
Operating transfers out	(950,000)	(975,185)	(975,185)	(25,185)	-
Total Other Financing Sources (Uses)	<u>1,332,688</u>	<u>1,650,408</u>	<u>1,647,098</u>	<u>317,720</u>	<u>(3,310)</u>
Net Change in Fund Balances	<u>(103,956)</u>	<u>1,174,502</u>	<u>1,177,057</u>	<u>1,278,458</u>	<u>2,555</u>
Fund Balances:					
July 1, 2004			(3,409,666)		
Prior period adjustments (Note)			12,638		
July 1, 2004, as restated			<u>(3,397,028)</u>		
June 30, 2005			\$ <u><u>(2,219,971)</u></u>		

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

AMITE COUNTY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 16th Section Interest Fund
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 20,000			(20,000)	-
Sixteenth section sources	1,167,000	1,581,007	1,581,007	414,007	-
Total Revenues	1,187,000	1,581,007	1,581,007	394,007	-
Expenditures:					
Instruction	39,248			39,248	-
Sixteenth section		6,708	6,708	(6,708)	-
Total Expenditures	39,248	6,708	6,708	32,540	-
Excess (Deficiency) of Revenues Over Expenditures					
	1,147,752	1,574,299	1,574,299	426,547	-
Other Financing Sources (Uses):					
Operating transfers in	459,000	470,373	470,373	11,373	-
Operating transfers out	(1,606,752)	(2,035,833)	(2,035,833)	(429,081)	-
Total Other Financing Sources (Uses)	(1,147,752)	(1,565,460)	(1,565,460)	(417,708)	-
Net Change in Fund Balances					
			8,839		
Fund Balances:					
July 1, 2004			0		
June 30, 2005			\$ 8,839		

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

AMITE COUNTY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2005

(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 and each major special revenue fund consistent with accounting principles generally accepted in the United States of America.

AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

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AMITE COUNTY SCHOOL DISTRICT
 Schedule of Expenditure of Federal Awards
 For the Year Ending June 30, 2005

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Non-cash assistance:		
Food donation	10.550	\$43,013
Child nutrition cluster:		
School breakfast program	10.553	178,087
National school lunch program	10.555	444,170
Summer food service program for children	10.559	26,378
Total child nutrition cluster		648,635
Total U. S. Department of Agriculture		691,648
<u>U. S. Department of Defense</u>		
Direct program:		
Reserve officers' training corps	12.XXX	48,950
Total U. S. Department of Defense		48,950
<u>U. S. Department of Education</u>		
Passed-through Mississippi Board for Community and Junior Colleges:		
Adult education - state grant program	84.002	47,090
Total		47,090
Passed-through Mississippi Department of Education:		
Title I-grants to local educational agencies	84.010	756,520
Vocational education-basic grants to states	84.048	40,140
Safe and drug-free schools and communities-state grants	84.186	20,856
Education for homeless children and youth	84.196	26,199
Fund for improvement of education	84.215	7,740
Twenty-first century community learning centers	84.287	167,511
Education technology state grant	84.318	20,918
Class size reduction	84.340	12,996
Transition to teaching	84.350	1,400
Rural education	84.358	42,298
Improving teacher quality-state grants	84.367	160,849
Drug-free communities support program grants	93.276	13,750
Total		1,271,176

Special education cluster:		
Special education-grants to states	84.027	402,221
Special education-preschool grants	84.173	<u>21,128</u>
Total		<u>423,350</u>
Total passed-through Mississippi Department of Education		<u>1,694,526</u>
Total U.S. Department of Education		<u>1,741,616</u>
Total for All Federal Awards		<u>\$ 2,482,214</u>

NOTES TO SCHEDULE:

This schedule was prepared using the same basis of accounting and the same significant of accounting policies, as applicable used for the financial statements.

The expenditure amounts include transfers out.

The pass-through entities did not assign identifying numbers to the school district

Amite County School District
 Schedule of Instructional, Administrative and Other Expenditures – Government Funds
 For the Year Ended June 30, 2005

<u>Expenditures</u>	<u>Total</u>	<u>Instruction</u>	<u>Administrative</u>	<u>Other</u>
Salaries and fringe benefits	\$ 8,908,918	6,347,699	948,626	1,612,593
Other	2,786,892	512,054	335,919	1,938,919
Total	<u>11,695,810</u>	<u>6,859,753</u>	<u>1,284,545</u>	<u>3,551,512</u>
Total number of students *	<u>1,245</u>			
Cost per student	<u>\$ 9,394</u>	<u>5,510</u>	<u>1,032</u>	<u>2,853</u>

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

Instruction - includes that 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

AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY SCHOOL DISTRICT

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

AMITE COUNTY SCHOOL DISTRICT

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

September 13, 2005

Superintendent and School Board
Amite County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Amite County School District as of and for the year ended June 30, 2005 and have issued our report thereon dated September 13, 2005, conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the school district's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our opinion, could adversely affect the school district's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the Schedule of Findings and Questioned Costs as Findings 05-01 and 05-02.

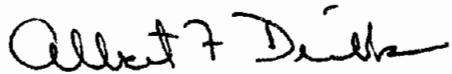
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions and, accordingly, would not also disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions referred to above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the school district in a separate letter dated September 13, 2005, which is included in this report. This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



Albert F. Dribben, CPA

Dribben & Associates, Ltd.

McComb, Mississippi

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

September 13, 2005

Superintendent and School Board
Amite County School District

Compliance

We have audited the compliance of the Amite County School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The school district's major federal programs are identified in the summary of auditor's results section of the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

In our opinion, Amite County School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

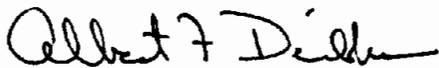
Internal Control Over Compliance

The management of the Amite County School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the school district's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our considerations of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We did not note any matters involving internal control over compliance and its operation that we consider to be material weaknesses.

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

Sincerely,



Albert F. Dribben, CPA

Dribben & Associates, Ltd.

McComb, Mississippi

AMITE COUNTY SCHOOL DISTRICT

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

AMITE COUNTY SCHOOL DISTRICT

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

September 13, 2005

Superintendent and School Board
Amite County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Amite County School District as of and for the year ended June 30, 2005, which collectively comprise Amite County School District's basic financial statements and have issued our report thereon dated September 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(ii), Miss Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$11,344 of classroom supply funds carried over from previous years.

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

1. Finding

As reported in the prior years' audit report and per Section 29-3-113 of the Miss. Code Ann. (1972), no school land trust funds may be expended after the annual payment date until payment is made on such sixteenth section loans. The school district transferred sixteenth section interest out of the sixteenth section principal fund in November even though no payment had been made on the sixteenth section loans until June.

Recommendation

We recommend that the school district comply with the above provisions of the law and make principal and interest payments on or before the annual payment date before transferring funds out.

Response

The District is current on all Sixteenth Section Loans payments, and will not make any transfers.

2. Finding

As reported in the prior years' audit report, and per Section 31-7-305 of the Miss. Code Ann. (1972), in our test of expenditures, we noted late payments of invoices. Payment of invoices shall be made no later than forty-five (45) days after receipt of the invoice and receipt, inspection and approval of the goods and services.

Recommendation

We recommend that the school district pay all invoices for goods and services in a timely manner and per the provisions of the above law.

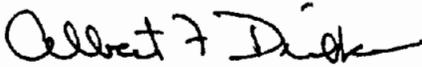
Response

The District will comply with Section 31-7-305 Miss. Code Ann. (1972) and make current payments on all invoices.

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the findings in this report to insure that corrective action has been taken.

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

Sincerely,



Albert F. Dribben, CPA

Dribben & Associates, Ltd.

McComb, Mississippi

AMITE COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

Section 1: Summary of Auditor's Results

Financial Statements

- | | | |
|---|--|-------------|
| 1 | Type of Auditor's report issued on the financial statements: | Unqualified |
| 2 | Material noncompliance relating to the financial statements? | No |
| 3 | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Reportable conditions identified that are not considered to be material weaknesses? | Yes |

Federal Awards:

- | | | |
|----|--|---------------|
| 4 | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 5 | Internal control over major programs: | |
| | a. Material weakness identified? | No |
| | b. Reportable condition identified that are not considered to be material weaknesses? | No |
| 6 | Any audit finding reported as required by Section __.510(a) of Circular A-133? | No |
| 7 | Federal programs identified as major programs: | |
| | a. Cluster: Child Nutrition | |
| | School breakfast program | CFDA#: 10.553 |
| | National school lunch program | CFDA#: 10.555 |
| | Summer food service program for children | CFDA#: 10.559 |
| | b. Cluster: Special Education | |
| | Special education - grants to states | CFDA#: 84.027 |
| | Special education - preschool grants | CFDA#: 84.173 |
| | c. Title 1-grants to local educational agencies | CFDA#: 84.010 |
| 8 | The dollar threshold used to distinguish between type A and type B programs: | \$ 300,000 |
| 9 | Auditee qualified as low-risk auditee? | No |
| 10 | Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? | No |

Section 2: Financial Statement Findings

Reportable Conditions Not Considered to be a Material Weakness

05-01 Finding

As reported in prior years' audit report, we noted the following internal control weaknesses in our test of general and agency activity and club fund revenues:

- a. A number of instances of receipts not indicating type of payment.

AMITE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

- b. A number of instances in which the name of the person remitting the funds was not indicated.
- c. Two instances in which receipts were not kept in chronological order.

Recommendation

We recommend that the district implement policies and procedures to correct the above weaknesses. At a minimum, the district should implement the following:

- a. All receipts should be completed to include the type of payment received.
- b. All receipts should indicate the person remitting the funds
- c. All receipts should be completed in a chronological order.

05-02 Finding

As reported in prior years' audit report, we noted an internal control weakness in our test of general expenditures in that a number of invoices were not timely paid.

Recommendation

We recommend that the district implement policies and procedures to correct the above weakness. At a minimum, the district should implement the following:

After receipt and inspection of goods or services, the purchaser or their supervisor should sign off and date the invoice or receiving document for immediate payment.

Section 3: Federal Award Findings and Questioned Costs

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

AMITE COUNTY SCHOOL DISTRICT

AUDITEE'S CORRECTIVE ACTION PLAN

AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY BOARD OF EDUCATION
533 MAGGIE STREET
P.O. BOX 378
LIBERTY, MISSISSIPPI 39645

telephone: (601) 657-4361
fax: (601) 657-4291

CORRECTIVE ACTION PLAN

12/08/05

Dribben & Associates, Ltd
P.O. Box 1411
McComb, MS 39649-1411

Gentlemen:

Amite County School District respectfully submits the following corrective action plan for the year ended June 30, 2005.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditors Results, does not include findings and is not addressed.

Section 2: Financial Statement Findings

Reportable conditions not considered to be material weaknesses:

05-01

Corrective Action Planned:

Name(s) of Contact Person(s) Responsible for Corrective Action:
Sherie Jones, Business Manager, 601-657-4361

Correction Action Planned:

The district has implemented guidelines for writing receipts and the following will be correct:

- a. Receipts will include the type of payment received.
- b. Receipts will indicate the person remitting the funds.
- c. Receipts will be completed in chronological order.

Anticipated Completion Date:
December 1, 2005

05-02

Corrective Action Planned:

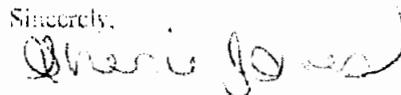
Name(s) of Contact Person(s) Responsible for Corrective Action:
Sherie Jones, Business Manager, 601-657-4361

Correction Action Planned:

Procedures are being put into place to monitor the outstanding purchase orders to assure invoices are paid on a timely basis as according to the law.

Anticipated Completion Date:
Effective December 1, 2005

Sincerely,



Sherie Jones
Business Manager

