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WILKINSON COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2005

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

WILKINSON COUNTY SCHOOL DISTRICT

WILKINSON COUNTY SCHOOL DISTRICT

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WILKINSON COUNTY SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

WILKINSON COUNTY SCHOOL DISTRICT

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

February 3, 2006

Superintendent and School Board
Wilkinson County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Wilkinson County School District as of and for the year ended June 30, 2005, which collectively comprise the Wilkinson County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility for the Wilkinson 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 Wilkinson 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 February 3, 2006, on our consideration of the Wilkinson 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 9 through 17 and the Budgetary Comparison Schedule and corresponding notes on pages 43 through 47 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 Wilkinson 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sincerely,



Albert F. Dribben, CPA
President
Dribben & Associates, Ltd.
McComb, Mississippi

WILKINSON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

WILKINSON COUNTY SCHOOL DISTRICT

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WILKINSON COUNTY SCHOOL DISTRICT
Mildred E. McGhee, Superintendent of Education
POST OFFICE BOX 785
WOODVILLE, MS 39669
601-888-3582

Management's Discussion and Analysis
For the Year Ended June 30, 2005

The discussion and analysis of the Wilkinson 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 this discussion and analysis.

FINANCIAL HIGHLIGHTS

- Total net assets, including the effect of prior period adjustments, increased \$2,672 from fiscal year 2004.
- General revenues accounted for \$7,977,017 in revenue, or 70% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,365,035, or 30% of total revenues.
- The District had \$11,332,186 in expenses; only \$3,365,035 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$7,977,017 were adequate to provide for these programs.
- Among major funds, the General Fund had \$7,576,251 in revenues and \$7,685,906 in expenditures. After net other financing sources of \$50,725, the General Fund's fund balance, including the effect of prior period adjustments, decreased \$67,503 from the prior year.
- Capital assets, net of accumulated depreciation, decreased by \$132,155 due primarily to the current year depreciation of the capital assets.
- Long-term debt increased by \$1,368,628. During the fiscal year, the district issued Qualified Zone Academy Bonds (QZAB) in the amount of \$1,500,000. The proceeds will be used for the renovation and construction of school facilities. The district made principal payments in the amount of \$125,000 during the fiscal year on existing long-term debt.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for 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 basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process.

The District adopts an annual operating budget for all governmental funds. A budgetary comparison 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 provided 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 of the District, assets exceeded liabilities by \$7,827,277 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. \$3,162,240 of the District's net assets (41%) reflects its investment in capital assets (e.g., land, construction in progress, 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. \$4,562,487 of the District's net assets (58%) reflects its restricted net assets. A portion of the restricted net assets is expendable for school based activities, debt service, forestry improvements and unemployment benefits. The remaining portion of the restricted net assets is nonexpendable for 16th section investment purposes. \$102,550 of the District's net assets (1%) reflects its unrestricted net assets.

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

The following table presents 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.

	June 30, 2005	June 30, 2004
Current assets	\$ 5,113,436	3,726,242
Other assets	1,194,318	1,083,354
Capital assets, net	5,531,885	5,664,040
Total assets	11,839,639	10,473,636
Current liabilities	30,591	35,888
Long-term debt outstanding	3,981,771	2,613,143
Total liabilities	4,012,362	2,649,031
Net assets:		
Invested in capital assets, net of related debt	3,162,240	3,248,799
Restricted	4,562,487	4,412,125
Unrestricted	102,550	163,681
Total net assets	\$ 7,827,277	7,824,605

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 proceeds received from the issuance of long-term debt but not spent at the end of the fiscal year.
- Long-term debt outstanding increased from the previous fiscal year due primarily to the issuance of Qualified Zone Academy Bonds (QZAB) during the fiscal year.

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2005 were \$11,342,052. The total cost of all programs and services was \$11,332,186. 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.

	June 30, 2005	June 30, 2004
Revenues:		
Program revenues	\$ 3,365,035	\$ 3,135,336
General revenues	7,977,017	8,372,752
Total revenues	11,342,052	11,508,088
Expenses:		
Instruction	5,994,165	5,787,628
Support services	4,175,518	3,972,114
Non-instructional	948,860	991,800
Sixteenth section	32,653	30,565
Interest on long-term liabilities	180,990	153,028
Total expenses	11,332,186	10,935,135
Prior period adjustments	(7,194)	(829,881)
Increase in net assets	\$ 2,672	\$ (256,928)

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

- Program revenues increased from the previous fiscal year due primarily to an increase in operating grants and contributions.
- General revenues decreased from the previous fiscal year due primarily to a decrease in unrestricted state grants and contributions and sixteenth section sources.

Governmental activities. The following table presents, for the fiscal year ended June 30, 2005 and comparative data for the fiscal year ended June 30, 2004, the cost of five major District functional activities: instruction, support services, non-instructional, sixteenth section and interest and other expenses on long-term debt. The table also shows each function's net cost (total cost less charges for 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.

	2005		2004	
	Total Expenses	Net (Expense) Revenue	Total Expenses	Net (Expense) Revenue
Instruction	\$ 5,994,165	(4,441,347)	\$ 5,787,628	(4,554,834)
Support services	4,175,518	(3,242,433)	3,972,114	(3,047,768)
Non-instructional	948,860	(124,153)	991,800	(100,904)
Sixteenth section	32,653	21,772	30,565	56,735
Interest on long-term liabilities	180,990	(180,990)	153,028	(153,028)
Total expenses	\$ 11,332,186	(7,967,151)	\$ 10,935,135	(7,799,799)

- The net cost of governmental activities for fiscal year 2005 in the amount of \$7,967,151 was financed by general revenue, which is made up of primarily property taxes of \$1,586,237 and state revenue of \$5,527,235.
- Investment earnings accounted for \$73,932 of funding.
- Sixteenth section sources of \$571,075 were generated during the fiscal year primarily from sixteenth section leases and the sale of timber.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed fiscal year June 30, 2005, its governmental funds reported a combined fund balance of \$6,296,234. The net change in fund balance for the fiscal year was an increase of \$1,513,782 due primarily to proceeds received from the issuance of Qualified Zone Academy Bonds (QZAB). The proceeds will be used for the renovation and construction of school facilities but were not spent as of the end of the fiscal year. \$2,969,340, or 47%, of the fund balance is reported by fund type in the unreserved, undesignated section of the Governmental Funds Balance Sheet. The portion of the fund balance reported in the General Fund is available for spending at the District's discretion. The portion of the fund balance reported in the Special Revenue Funds will be used for school based activities. The remaining fund balance of \$3,326,894, or 53%, is reserved or designated to indicate that it is not

available for spending because it has already been committed. This portion of the fund balance is reserved for advances, inventory, prepaid items, unemployment benefits, forestry improvements, capital project purposes, debt service purposes 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 a decrease of \$58,930. The net change in fund balance for the 16th Section Interest Fund for the fiscal year was an increase of \$113,160. Revenues were generated primarily from sixteenth section leases, the sale of timber and earnings on investments and a transfer was made to the General Fund during the fiscal year. The net change in fund balance for the Wilkinson County School Renovation Fund for the fiscal year was an increase of \$942,146 due to proceeds received from the issuance of Qualified Zone Academy Bonds (QZAB) that remained unspent at the end of the fiscal year. The net change in fund balance for the 16th Section Principal Fund for the fiscal year was an increase of \$4,661. The net change in fund balance for the Other Governmental Funds for the fiscal year was an increase of \$512,745, due primarily to proceeds received from the issuance of Qualified Zone Academy Bonds (QZAB) in the 2005 QZAB Renovation – WCES Fund that remained unspent at the end of the fiscal year.

BUDGETARY HIGHLIGHTS

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

- Budgeted amounts for instruction expenditures in the General Fund were decreased during the fiscal year. This decrease is due primarily to the hiring of teachers with minimum experience and the hiring of less teacher assistants than originally budgeted.
- Budgeted amounts for support services expenditures in the General Fund were decreased during the fiscal year. This decrease is due partly to a decrease in worker's compensation insurance. In addition, Board of Education expenditures were less than originally budgeted.
- Budgeted amounts for transfers into the General Fund were decreased during the fiscal year due primarily to a decrease in funds transferred from the 16th Section Interest Fund to cover operational costs than originally budgeted. In addition, the district did not transfer indirect costs from the School Lunch Fund to the General Fund because a transfer would have brought the fund balance in the School Lunch Fund below the state requirement as of June 30, 2005.
- Budgeted amounts for transfers out of the 16th Section Interest Fund were decreased during the fiscal year due primarily to a decrease in funds transferred to the General Fund than originally budgeted.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and each major Special Revenue Fund 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 \$9,427,375, including land, construction in progress, buildings, building improvements, improvements other than buildings, mobile equipment and furniture and equipment. This amount represents a gross increase of \$148,072 from the previous year. During the fiscal year, the district began some renovation of school facilities and purchased a van, a school bus and various items of furniture and equipment. The district also disposed of several items of mobile equipment and furniture and equipment. Total depreciation expense for the year was \$286,478. Total accumulated depreciation as of June 30, 2005 was \$3,895,490, resulting in total net assets of \$5,531,885.

Debt Administration. At June 30, 2005, the District had \$3,981,771 in limited obligation bonds and other long-term debt outstanding, of which \$232,153 is due within one year. During the fiscal year, the district issued Qualified Zone Academy Bonds (QZAB) in the amount of \$1,500,000. Proceeds

will be used for the renovation and construction of school facilities. The district made principal payments in the amount of \$125,000 on existing long-term debt during the fiscal year.

CURRENT ISSUES

The Wilkinson County School District is financially stable. The District is proud of its community support of the public schools.

The District has committed itself to financial excellence for many years. The millage rate has not increased or decreased significantly from the previous fiscal year. The District's system of financial planning, budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

Latest enrollment figures indicate that student enrollment in the District has not increased or decreased significantly from the previous fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Wilkinson County School District, P. O. Box 785, Woodville, MS 39669.

WILKINSON COUNTY SCHOOL DISTRICT

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WILKINSON COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

WILKINSON COUNTY SCHOOL DISTRICT

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Wilkinson County School District
Statement of Net Assets
June 30, 2005

Exhibit A

<u>Assets</u>	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Cash and Cash Equivalents	\$ 4,824,673
Due from other governments	267,944
Inventories and prepaid items	20,819
Restricted assets	1,194,318
Capital Assets, net	<u>5,531,885</u>
Total Assets	<u><u>11,839,639</u></u>
<u>Liabilities</u>	
Accounts payable and accrued liabilities	11,520
Interest payable on long-term liabilities	19,071
Long-term liabilities (Due within 1 year)	
Capital related liabilities	135,000
Non-capital related liabilities	2,153
Long-term liabilities (Due beyond 1 year)	
Capital related liabilities	3,775,000
Non-capital related liabilities	<u>69,618</u>
Total Liabilities	<u><u>4,012,362</u></u>
<u>Net Assets</u>	
Investment in capital assets (net of related debt)	3,162,240
Restricted net assets for:	
Expendable:	
School-based activities	2,815,838
Debt service	173,423
Forestry improvements	46,047
Unemployment benefits	32,198
Non-expendable:	
Sixteenth section	1,494,981
Unrestricted	<u>102,550</u>
Total Net assets	<u><u>\$ 7,827,277</u></u>

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

Wilkinson County School District
Statement of Activities
For the Year Ended June 30, 2005

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental Activities				
Instruction	\$ 5,994,165	137,923	1,414,895	(4,441,347)
Support services	4,175,518		933,085	(3,242,433)
Non-instructional	948,860	91,362	733,345	(124,153)
Sixteenth section	32,653	54,425		21,772
Interest and other expenses on long-term liabilities	180,990			(180,990)
Total governmental activities	\$ 11,332,186	283,710	3,081,325	(7,967,151)
General revenue:				
Taxes				
General purpose levies				1,578,074
Debt service levies				8,163
Unrestricted grant and contributions:				
State				5,527,235
Federal				187,658
Unrestricted investment earnings:				
Sixteenth section				73,932
Other				571,075
				30,880
Total General Revenues				7,977,017
Changes in net assets				9,866
Net assets - beginning				7,824,605
Prior Period Adjustments				(7,194)
Net assets - restated				7,817,411
Net Assets - Ending				\$ 7,827,277

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

Wilkinson County School District
 Balance Sheet - Governmental Funds
 For the Year Ended June 30, 2005

Exhibit C

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	16th Section Interest Fund	Renovation Fund	16th Section Principal Fund		
Assets:						
Cash and cash equivalents	\$ 408,787	2,549,276	942,146	1,131,960	924,464	5,956,633
Cash with fiscal agents					62,358	62,358
Due from other governments	80,451	10,167		8,021	169,305	267,944
Due from other funds	36,791					36,791
Advances to other funds				355,000		355,000
Inventories and prepaid items	14,329				6,490	20,819
	<u>540,358</u>	<u>2,559,443</u>	<u>942,146</u>	<u>1,494,981</u>	<u>1,162,617</u>	<u>6,699,545</u>
Liabilities & Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	11,037				483	11,520
Due to other funds					36,791	36,791
Advances from other funds	355,000					355,000
Total liabilities	<u>366,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,274</u>	<u>403,311</u>
Fund balances:						
Reserved for:						
Advances				355,000		355,000
Inventory					6,490	6,490
Prepaid items	14,329					14,329
Unemployment benefits					32,198	32,198
Forestry improvements					46,047	46,047
Capital projects funds			942,146		598,209	1,540,355
Debt service purposes					192,494	192,494
Permanent fund purposes				1,139,981		1,139,981
Unreserved:						
Undesignated, reported in:						
General fund	159,992					159,992
Special revenue funds		2,559,443			249,905	2,809,348
Total fund balances	<u>174,321</u>	<u>2,559,443</u>	<u>942,146</u>	<u>1,494,981</u>	<u>1,125,343</u>	<u>6,296,234</u>
Total liabilities & fund balances	<u>\$ 540,358</u>	<u>2,559,443</u>	<u>942,146</u>	<u>1,494,981</u>	<u>1,162,617</u>	<u>6,699,545</u>

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

Wilkinson 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	\$ 6,296,234
Amounts reported for net assets 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 \$3,895,490.	5,531,885
2. Long - term liabilities are not due and payable in the current period and therefore are not reported in the funds (Note 6):	
Long-term liabilities	(3,981,771)
Accrued interest on debt	(19,071)
Total Net Assets - Governmental Activities	<u>\$ 7,827,277</u>

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

Wilkinson County School District
Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds
For the Year Ended June 30, 2005

Exhibit D

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	16th Section Interest Fund	Wilkinson County School Renovation Fund	16th Section Principal Fund		
Revenues:						
Local sources	\$ 1,737,960		2,580		107,262	1,847,802
State sources	5,633,792				566,448	6,200,240
Federal sources	204,499				2,391,479	2,595,978
Sixteenth section sources		583,731		42,190	54,538	680,459
Total revenues	7,576,251	583,731	2,580	42,190	3,119,727	11,324,479
Expenditures:						
Instruction	4,602,762				1,259,736	5,862,498
Support services	2,980,090				1,199,622	4,179,712
Non-instructional services	85,804				831,372	917,176
Sixteenth section		666			31,987	32,653
Facilities acquisition and construction			29,250			29,250
Debt Service:						
Principal					125,000	125,000
Interest	17,250				122,556	139,806
Other			31,184		11,250	42,434
Total expenditures	7,685,906	666	60,434	-	3,581,523	11,328,529
Excess (deficiency) of revenues over expenditures	(109,655)	583,065	(57,854)	42,190	(461,796)	(4,050)
Other Financing Sources (Uses):						
Proceeds of QZAB			1,000,000		500,000	1,500,000
Insurance loss recoveries	17,573					17,573
Sale of transportation equipment	226					226
Sale of other property	127					127
Operating Transfers in	1,588,027	37,529			640,706	2,266,262
Payments to escrow agent					25,000	25,000
Operating Transfers out	(1,555,134)	(507,434)		(37,529)	(166,165)	(2,266,262)
Payments to QZAB debt escrow agent					(25,000)	(25,000)
Other financing sources	(94)					(94)
Total Other Financing Sources (uses)	50,725	(469,905)	1,000,000	(37,529)	974,541	1,517,832
Net Change in Fund Balances	(58,930)	113,160	942,146	4,661	512,745	1,513,782
Fund balances:						
July 1, 2004, as previously reported	241,824	2,446,283		1,490,320	615,602	4,794,029
Prior period adjustment	(8,573)				41	(8,532)
July 1, 2004, as restated	233,251	2,446,283	-	1,490,320	615,643	4,785,497
Increase (decrease) in reserve for inventory					(3,045)	(3,045)
June 30, 2005	\$ 174,321	2,559,443	942,146	1,494,981	1,125,343	6,296,234

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

Wilkinson County School District
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2005

Exhibit D-1

	<u>Amount</u>
Net change in fund balances	\$ 1,513,782
Amounts reported in the Statement of Net Activities (Exhibit B) 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, cost associated with capital assets are capitalized in the Statement of Net Assets.	156,763
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 Activities.	(286,478)
3. In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in governmental funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by a combination of the following items.	
Proceeds from the sale of capital assets.	(353)
Losses on the sale of capital assets.	(3,425)
4. The issuance of long-term debt provides current financial resources to governmental funds, but the issuance increased long-term liabilities in the Statement of Net Assets.	(1,500,000)
5. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	125,000
6. Under the modified accrual basis of accounting used in 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 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	6,372
Accrued interest on debt Decreases	1,250
7. An increase (decrease) in the reserve for inventory is reported as a direct increase (decrease) to the fund balance in the governmental funds but is a increase (decrease) in noninstructional service expenses in the Statement of Activities.	(3045)
Change in net assets of governmental activities.	<u>\$ 9,866</u>

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

Wilkinson County School District
Statement of Fiduciary Net Assets
June 30, 2005

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 461,565
Total Assets	<u>461,565</u>
Liabilities	
Accounts payable and accrued liabilities	422,169
Due to student clubs	39,396
Total Liabilities	<u>\$ 461,565</u>

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

WILKINSON COUNTY SCHOOL DISTRICT

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

Notes to the 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.

WILKINSON 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 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 take 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.

Renovation Fund - This is a capital projects fund. It is used to record the revenues and expenses of renovations being made with QZAB funds.

WILKINSON COUNTY SCHOOL DISTRICT

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

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of Exhibit C.

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 expenditures 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.

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 Finance 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 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

WILKINSON COUNTY SCHOOL DISTRICT

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

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.

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 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 and proprietary funds.

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

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

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

WILKINSON COUNTY SCHOOL DISTRICT

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

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. In the government-wide Statement of Net

Assets, long-term debt and other long-term liabilities are reported as liabilities in the governmental activities column. See Note 6 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."

WILKINSON 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.

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 unemployment benefits – An account that represents the fund balance of the unemployment compensation revolving fund which is legally restricted for the payment of unemployment benefits.

Reserved for forestry improvements – An account that represents the fund balance of the sixteenth section forestry escrow fund which is legally restricted for improvements to sixteenth section forest lands.

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

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

Reserved for permanent fund purposes – An account that represents the portion of the fund balance of the sixteenth section principal fund which is legally restricted for investment purposes.

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.

WILKINSON COUNTY SCHOOL DISTRICT

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

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 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 \$6,018,991 and \$461,565, respectively. The carrying amount of deposits reported in the government-wide statements was: Cash and cash equivalents \$4,824,673 and Restricted Assets \$1,194,318. The Restricted assets represents the cash balance of the 16th section Principal funds (Permanent Funds) which is legally restricted and may not be used for purposes that support the district's programs. The bank balance was \$5,354,370.

Cash with Fiscal Agents.

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$62,358.

WILKINSON COUNTY SCHOOL DISTRICT

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

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the even of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district.

(4) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds:

	Due To	Due From
Major funds:		
General fund		36,791
Non-major funds:	\$ 36,791	
Total Funds	\$ 36,791	36,791

During the course of the school year, expenditures in federal program funds are paid on a reimbursement basis causing the district to borrow moneys from other funds to cover expenditures at year end and not create a deficit. The above interfund loans were made to cover year end expenditures.

B. Advances To/From Other Funds:

	Advances To	Advances From
Major funds:		
General fund		355,000
Sixteenth Section Principal Fund	\$ 355,000	
Other major funds:		
Total Funds	\$ 355,000	355,000

WILKINSON COUNTY SCHOOL DISTRICT

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

Sixteenth section principal loans payable.

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

Year Ending June 30	Amount
2006	\$ 198,054
2007	198,054
2008	198,054
2009	775
2010	675
2011-2015	<u>1,950</u>
Total	<u>\$ 597,562</u>

C. Transfers In/Out.

	<u>Transfer In</u>	<u>Transfer Out</u>
Major funds:		
General fund	\$ 1,588,027	1,555,134
Sixteenth Section Interest Fund	37,529	507,434
Sixteenth Section Principal Fund		37,529
Non-major funds:	<u>640,706</u>	<u>166,165</u>
Total Funds	<u>\$ 2,266,262</u>	<u>2,266,262</u>

The above transfers were made to close funds.

WILKINSON 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 07/01/04	Additions	Retirements	Adjustments	Balance 06/30/05
<u>Non-depreciable capital assets:</u>					
Land	\$ 113,365				113,365
Construction in progress		29,488			29,488
Total non-depreciable capital assets	<u>113,365</u>	<u>29,488</u>	<u>-</u>	<u>-</u>	<u>142,853</u>
<u>Depreciable capital assets:</u>					
Buildings	5,135,859			(93,500)	5,042,359
Building improvement	1,669,525			93,500	1,763,025
Improvements other than buildings	267,971				267,971
Mobile equipment	1,355,942	76,198	(8,295)	12,600	1,436,445
Furniture and equipment	736,641	51,077	(20,794)	7,798	774,722
Total depreciable capital assets	<u>9,165,938</u>	<u>127,275</u>	<u>(29,089)</u>	<u>20,398</u>	<u>9,284,522</u>
<u>Less accumulated depreciation for:</u>					
Buildings	1,804,114	85,553		(74,800)	1,814,867
Building improvement	199,368	66,781		74,800	340,949
Improvements other than buildings	94,612	10,719			105,331
Mobile equipment	1,000,059	55,788	(7,465)	11,340	1,059,722
Furniture and equipment	517,110	67,637	(17,846)	7,720	574,621
Total accumulated depreciation	<u>3,615,263</u>	<u>286,478</u>	<u>(25,311)</u>	<u>19,060</u>	<u>3,895,490</u>
Total depreciable capital assets, net	<u>5,550,675</u>	<u>(159,203)</u>	<u>(3,778)</u>	<u>1,338</u>	<u>5,389,032</u>
Governmental activities capital assets, net	<u>\$ 5,664,040</u>	<u>(129,715)</u>	<u>(3,778)</u>	<u>1,338</u>	<u>5,531,885</u>

WILKINSON COUNTY SCHOOL DISTRICT

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

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 138,198
Support Services	105,814
Non-instructional	42,466
Total depreciation expense	\$ 286,478

Commitments under construction contracts at June 30, 2005, are summarized as follows:

	Remaining Commitment	Required Future Financing
Tompkins Barron (Arch. Fees)	\$ 29,250	
Advertising	238	
Total	\$ 29,488	-

(6) Long-term liabilities.

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

	Balance 07/01/04	Additions	Reductions	Balance 06/30/05	Amounts due within one year
A. Limited obligation bonds payable	\$ 2,535,000	-	125,000	2,410,000	135,000
B. OZAB payable	-	1,500,000	-	1,500,000	95,000
C. Compensated absences payable	78,143	-	6,372	71,771	2,153
Total	\$ 2,613,143	1,500,000	131,372	3,981,771	232,153

WILKINSON COUNTY SCHOOL DISTRICT

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

A. Limited obligation bonds payable.

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited obligation bond	4.4 - 6.25%	05/01/98	05/01/18	<u>\$ 2,990,000</u>	<u>2,410,000</u>

Year Ending June 30	Principal	Interest	Total
2006	\$ 135,000	114,445	249,445
2007	145,000	106,327	251,327
2008	150,000	97,628	247,628
2009	160,000	88,628	248,628
2010	170,000	81,588	251,588
2011-2015	960,000	285,478	1,245,478
2016-2020	<u>690,000</u>	<u>61,250</u>	<u>751,250</u>
Total	<u>\$ 2,410,000</u>	<u>835,344</u>	<u>3,245,344</u>

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 Mississippi Adequate Education Program fund.

B. Qualified zone academy bonds payable

As more fully explained in Note 11, 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
Qualified zone academy bonds payable (2004)	0%	12/16/2004	12/16/2015	\$ 1,000,000	973,837
Qualified zone academy bonds payable (2005)	0%	6/3/2005	6/3/2014	500,000	500,000
Total				<u>\$ 1,500,000</u>	<u>1,473,837</u>

WILKINSON COUNTY SCHOOL DISTRICT

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

This debt will be retired from the debt service fund.

C. 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.

(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 \$634,152, \$617,514 and \$585,649, respectively, which equaled the required contributions for each year.

(8) Sixteenth Section Lands.

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

WILKINSON COUNTY SCHOOL DISTRICT

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

Year Ending June 30	Amount
2006	\$ 198,054
2007	198,054
2008	198,054
2009	775
2010	675
2011-2015	1,950
Total	\$ 597,562

(9) Prior Period Adjustments/Exhibits.

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To adjust for prior year errors in recording capital assets	\$ 1,338
To adjust for prior year errors in recording revenues	\$ (16,951)
To adjust for prior year errors in recording expenditures	8,419
	\$ (7,194)

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

<u>Explanation</u>	<u>Amount</u>
To adjust for prior year errors in recording revenues	\$ (16,951)
To adjust for prior year errors in recording expenditures	8,419
	\$ (8,532)

(10) Risk Management

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

WILKINSON COUNTY SCHOOL DISTRICT

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

Participation in Public Entity Risk Pool

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 or 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.

(11) 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 Trustmark National Bank, has entered into such an arrangement dated December 16, 2004 for the \$1,000,000 QZAB bond and June 3, 2005 for the \$500,000 QZAB bond.

This agreement establishes a method of repayment for a qualified interest-free debt instrument. The agreement requires the school district to deposit funds into a sinking fund account on or before December 14, 2005 for \$1,000,000 QZAB bond and June 3, 2005 for the \$500,000 QZAB bond. The amount accumulated in the sinking fund at the end of the ten-year period will be sufficient to retire the debt. The following schedule reports the yearly deposits to be made to the sinking fund by the school district.

Year Ending June 30	Principal	Total
2006	\$ 100,634	100,634
2007	125,217	125,217
2008	154,064	154,064
2009	162,274	162,274
2010	168,773	168,773
2011-2015	762,875	762,875
Total	<u>\$ 1,473,837</u>	<u>1,473,837</u>

WILKINSON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

WILKINSON COUNTY SCHOOL DISTRICT

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Wilkinson County School District
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2005

Schedule 1-A

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 1,727,749	1,737,960	1,737,960	10,211	-
State sources	5,624,517	5,633,792	5,633,792	9,275	-
Federal sources	177,200	204,499	204,499	27,299	-
Total revenues	<u>7,529,466</u>	<u>7,576,251</u>	<u>7,576,251</u>	<u>46,785</u>	<u>-</u>
Expenditures:					
Instruction	4,885,908	4,603,039	4,602,762	282,869	277
Support services	3,172,488	2,979,813	2,980,090	192,675	(277)
Noninstructional services	83,916	85,804	85,804	(1,888)	-
Debt Service:					
Principal	76,250	76,250			
Interest	17,250	17,250	17,250		
Total expenditures	<u>8,235,812</u>	<u>7,762,156</u>	<u>7,685,906</u>	<u>473,656</u>	<u>76,250</u>
Excess (deficiency) of revenues over expenditures	<u>(706,346)</u>	<u>(185,905)</u>	<u>(109,655)</u>	<u>520,441</u>	<u>(76,250)</u>
Other Financing Sources (Uses):					
Insurance loss recoveries		17,573	17,573	17,573	-
Sale of transportation equipment		226	226	226	-
Sale of other property		127	127	127	-
Transfers in	2,137,583	1,588,027	1,588,027	(549,556)	-
Transfers out	(1,629,392)	(1,555,134)	(1,555,134)	74,258	-
Other financing uses		(94)	(94)	(94)	-
Total other financing sources and uses	<u>508,191</u>	<u>50,725</u>	<u>50,725</u>	<u>(457,466)</u>	<u>-</u>
Net change in fund balances	<u>(198,155)</u>	<u>(135,180)</u>	<u>(58,930)</u>	<u>62,975</u>	<u>(76,250)</u>
Fund balances:					
July 1, 2004, as previously reported			241,824		
Prior period adjustment			<u>(8,573)</u>		
July 1, 2004, as restated			<u>233,251</u>		
June 30, 2005			<u>\$ 174,321</u>		

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

Wikinson County School District
 Budgetary Comparison Schedule
 Sixteenth Section Interest Fund
 For the Year Ended June 30, 2005

Schedule 1-B

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Sixteenth section sources	\$ 606,499	583,731	583,731	22,768	-
Total revenues	<u>606,499</u>	<u>583,731</u>	<u>583,731</u>	<u>(22,768)</u>	<u>-</u>
Expenditures:					
Sixteenth section	300	666	666	(366)	-
Total expenditures	<u>300</u>	<u>666</u>	<u>666</u>	<u>(366)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>606,199</u>	<u>583,065</u>	<u>583,065</u>	<u>(23,134)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in	34,550	37,529	37,529	2,979	-
Transfers out	(1,008,082)	(507,434)	(507,434)	500,648	-
Total other financing sources and uses	<u>(973,532)</u>	<u>(469,905)</u>	<u>(469,905)</u>	<u>503,627</u>	<u>-</u>
Net change in fund balances	<u>(367,333)</u>	<u>113,160</u>	<u>113,160</u>	<u>480,493</u>	<u>-</u>
Fund balances:					
July 1, 2004			<u>2,446,283</u>		
June 30, 2005			<u>\$ 2,559,443</u>		

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

WILKINSON COUNTY SCHOOL DISTRICT

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

WILKINSON COUNTY SCHOOL DISTRICT

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WILKINSON COUNTY SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

WILKINSON COUNTY SCHOOL DISTRICT

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WILKINSON COUNTY SCHOOL DISTRICT
 Schedule of Expenditure of Federal Awards
 For the Year Ended June 30, 2005

Schedule I

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>		
Passed-through the Mississippi Department of Education:		
Non-cash assistance:		
Food Donation	10.550	\$ 49,218
Child nutrition cluster:		
School breakfast program	10.553	228,492
National school lunch program	10.555	516,322
Summer Food Service program for children	10.559	173
Total child nutrition cluster		<u>744,987</u>
Total U. S. Department of Agriculture		<u>794,205</u>
<u>U. S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I-grants to local educational agencies	84.010	875,362
Vocational education-basic grants to states	84.048	24,913
Safe and drug-free schools and communities-state grants	84.186	18,499
Eisenhower professional development state grants	84.281	60,713
State grants for innovative program	84.298	10,062
Education technology state grants	84.318	18,010
Comprehensive School Reform Demonstration	84.332	100,100
Rural education	84.358	57,563
Improving teacher quality state grants	84.367	137,027
Total		<u>1,302,249</u>
Special educational cluster:		
Special education-grants to states	84.027	280,950
Special education-preschool grants	84.173	11,115
Total		<u>292,065</u>
Total passed-through Mississippi Department of Education		<u>1,594,314</u>
Total U. S. Department of Education		<u>1,594,314</u>
<u>U. S. Department of Defense:</u>		
Direct program:		
Reserve Officers' Training Corps	12.XXX	47,061
Total Other Federal Assistance		<u>47,061</u>
Total for All Federal Awards		<u>\$ 2,435,580</u>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same basis of 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.

WILKINSON COUNTY SCHOOL DISTRICT
 Schedule of Instructional, Administrative and Other Expenditures – Governmental
 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	\$ 8,647,868	5,413,383	1,019,883	2,214,602
Other	<u>2,680,662</u>	<u>449,115</u>	<u>307,769</u>	<u>1,923,778</u>
Total	<u>11,328,529</u>	<u>5,862,498</u>	<u>1,327,652</u>	<u>4,138,380</u>
Total number of students	1,401			
Cost per student	<u>\$ 8,086</u>	<u>4,185</u>	<u>948</u>	<u>2,954</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

WILKINSON COUNTY SCHOOL DISTRICT

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

WILKINSON COUNTY SCHOOL DISTRICT

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

February 3, 2006

Superintendent and School Board
Wilkinson County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Wilkinson County School District as of and for the year ended June 30, 2005, which collectively comprise Wilkinson County School District's basic financial statements and have issued our report thereon dated February 3, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

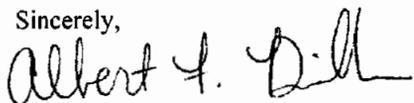
In planning and performing our audit, we considered the school district's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We did not note any matters involving internal control over financial reporting and its operations that we consider to be material weaknesses.

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 February 3, 2006, 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,

A handwritten signature in cursive script that reads "Albert F. Dribben". The signature is written in black ink on a white background.

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

February 3, 2006

Superintendent and School Board
Wilkinson County School District

Compliance

We have audited the compliance of the Wilkinson 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, Wilkinson 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

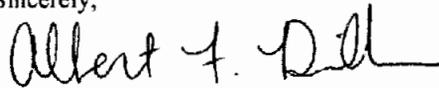
The management of the Wilkinson County School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the school 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 consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 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,

A handwritten signature in cursive script that reads "Albert F. Dribben". The signature is written in black ink and is positioned above the typed name.

Albert F. Dribben, CPA
Dribben & Associates, Ltd.
McComb, Mississippi

WILKINSON COUNTY SCHOOL DISTRICT

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

WILKINSON COUNTY SCHOOL DISTRICT

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

February 3, 2006

Superintendent and School Board
Wilkinson County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Wilkinson County School District as of and for the year ended June 30, 2005, and have issued our report thereon dated February 3, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$25,241 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

Per Section 37-9-37, Miss. Code Ann.(1972), the school board must approve all certified employees and fix their compensation. During our testwork on payroll expenditures, we noted that the full compensation of all certified personnel, including supplements and additional duties was not approved by the school board nor were salary schedules spread in the minutes of the school board.

Recommendation

The district should comply with all components of Section 37-9-37, Miss. Code Ann. (1972), which grants the school board the authority to employ certified employees and fix the duties and compensation of such personnel.

Response

The District will make all efforts to comply with Section 37-7-301(w), Miss. Code Ann. (1972) in the future.

2. Finding

Per Section 37-7-301(w), Miss. Code Ann.(1972), the school board shall have the authority to employ all noninstructional and noncertified employees and fix the duties and compensation of such personnel. The school board did not approve the full compensation of all noncertified personnel nor were salary schedules spread in the minutes of the school board.

Recommendation

The district should comply with Section 37-7-301(w), Miss. Code Ann.(1972), and approve the compensation of all personnel for each fiscal year.

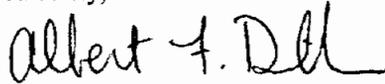
Response

The District will make all efforts to comply with Section 37-7-301(w), Miss. Code Ann.(1972), in the future.

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

WILKINSON COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WILKINSON 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 weakness(es) identified? | No |
| b. | Reportable condition(s) identified that are not considered to be material weaknesses? | No |

Federal Awards:

- | | | |
|-----|---|-------------|
| 4. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 5. | Internal control over major programs: | |
| a. | Material weakness(es) identified? | No |
| b. | Reportable condition(s) identified that are not considered to be material weaknesses? | No |
| 6. | Any audit finding(s) reported as required by Section ____ .510(a) of Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| | Program name: | |
| | Child Nutrition Cluster | |
| | School breakfast program | 10.553 |
| | National school lunch program | 10.555 |
| | Summer food service | 10.559 |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | Yes |
| 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? | Yes |

WILKINSON COUNTY SCHOOL DISTRICT

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

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

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

