



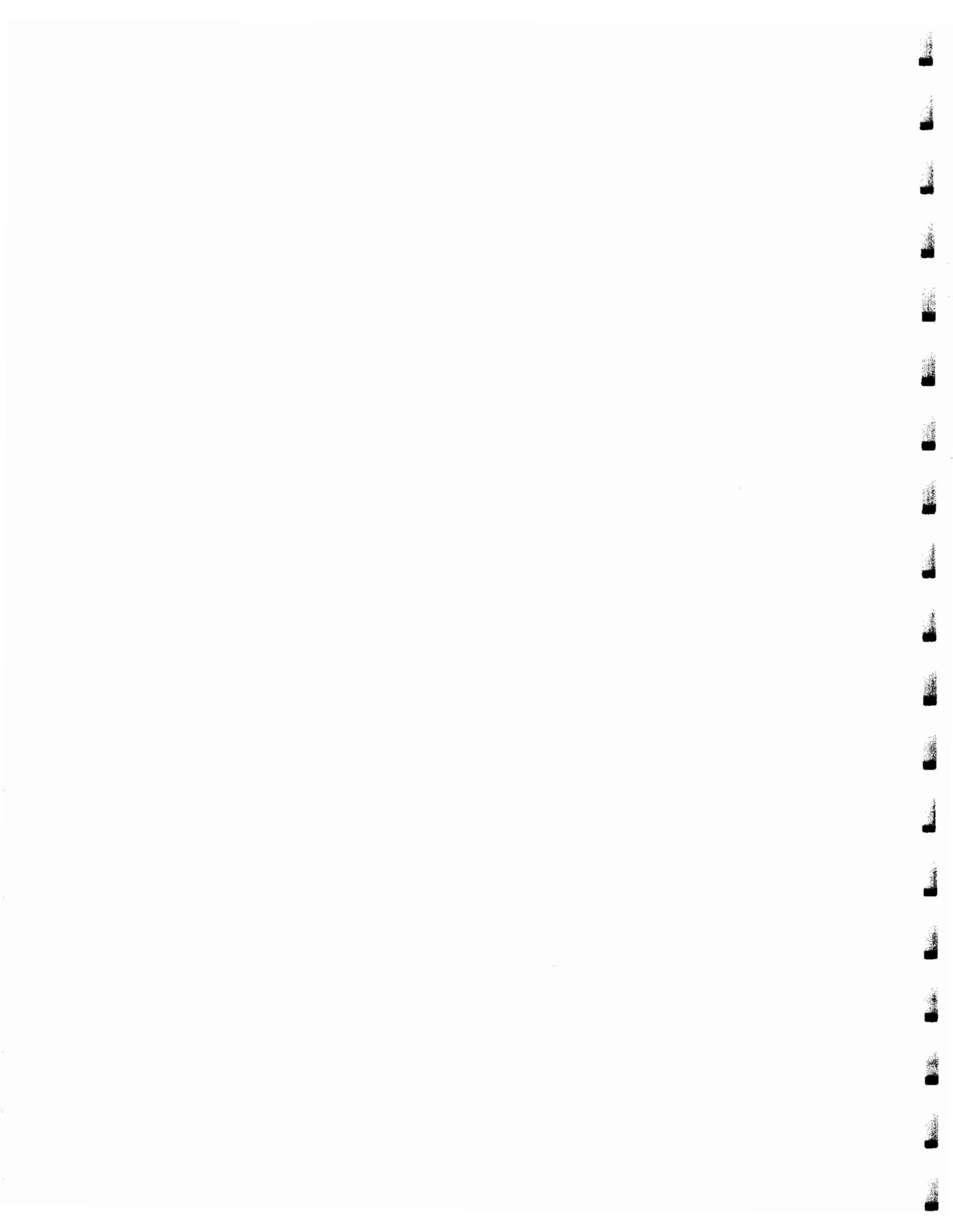
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AMITE COUNTY SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2007

Presented by:  
Dribben & Associates, Ltd.  
Albert F. Dribben, CPA  
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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

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

December 13, 2007

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, 2007, 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 of 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Amite County School District, as of June 30, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2007, 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 considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 11 through 18 and the Budgetary Comparison Schedule and corresponding notes on pages 43 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.

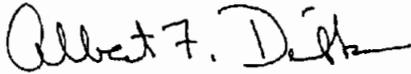
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Al Dribben, CPA

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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 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,

A handwritten signature in black ink that reads "Albert F. Dribben". The signature is written in a cursive style with a long horizontal flourish at the end.

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  
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TELEPHONE: (601) 657-4361  
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## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

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, 2007. 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.

### FINANCIAL HIGHLIGHTS

- Total net assets, including the effect of prior period adjustments, increased \$1,362,968, which represents a 12% increase from fiscal year 2006. This increase is due primarily to The following: (1.) sixteenth section revenue generated during the fiscal year primarily from the sale of timber, sixteenth section leases, oil and gas royalties and earnings on sixteenth section investments, and (2.) conservative budgeting and spending during the fiscal year.
- General revenues accounted for \$9,361,184 in revenue, or 71% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,860,629 or 29% of total revenues.
- The District had \$11,885,257 in expenses; only \$3,860,629 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$9,361,184 were adequate to provide for these programs.
- Among major funds, the General Fund had \$8,045,590 in revenues and \$7,509,120 in expenditures. After net other financing sources of \$756,041, the net change in fund balance for the General Fund was an increase of \$1,292,511. This increase was due primarily to the transfer of funds from the sixteenth section interest fund and conservative budgeting and spending during the fiscal year.
- Capital assets, net of accumulated depreciation, increased by \$5,975
- Long-term debt decreased by \$27,582.

## 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*. 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 a schedule of instructional, administrative and other expenditures for governmental funds 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 \$12,887,157 as of June 30, 2007.

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. \$2,788,175 of the District net assets (21%) 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. \$8,984,028 of the District's net assets (70%) 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. \$1,114,954 of the District's net assets (9%) 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 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, 2007 and comparative data for the fiscal year ended June 30, 2006.

	June 30, 2007	June 30, 2006	Percentage Change
Current assets	\$ 4,450,956	4,255,942	4.6%
Other assets	5,756,359	5,220,871	10.3%
Capital assets, net	2,949,175	2,943,200	0.2%
<b>Total assets</b>	<b>13,156,490</b>	<b>12,420,013</b>	<b>5.9%</b>
Current liabilities	36,474	635,383	-94.3%
Long-term debt outstanding	232,859	260,441	-10.6%
<b>Total liabilities</b>	<b>269,333</b>	<b>895,824</b>	<b>-69.9%</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	2,788,175	2,746,700	1.5%
Restricted	8,984,028	8,944,332	0.4%
Unrestricted	1,114,954	(166,843)	768.3%
<b>Total net assets</b>	<b>\$ 12,887,157</b>	<b>11,524,189</b>	<b>11.8%</b>

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

- Other assets increased from the previous fiscal year due primarily to the increase in cash and cash equivalents in the Sixteenth Section Principal Fund. These funds are legally restricted and may not be used for purposes that support the District's programs. Therefore, these amounts are reported as other (restricted) assets in the government-wide financial statements.
- Current liabilities decreased from the previous fiscal year due primarily to a decrease in accounts payable and accrued liabilities. In the previous fiscal year, liabilities associated with accrued payroll were reported in the governmental funds. However, this liability is reported in the fiduciary funds for the current fiscal year.
- Long-term debt outstanding decreased from the previous fiscal year due primarily to principal payments made during the fiscal year on the existing long-term debt.
- Unrestricted net assets increased from the previous fiscal year due primarily to the increase in fund balance of the General Fund resulting mainly from transfers made from the Sixteenth Section Interest Fund and conservative budgeting and spending during the fiscal year.

**Changes in net assets.** The District's total revenues for the fiscal year ended June 30, 2007 were \$13,221,813. The total cost of all programs and services was \$11,885,257. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2007 and comparative data for the fiscal year ended June 30, 2006.

<b>Revenues:</b>	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Percentage Change</u>
Program revenues			
Charges for services	\$ 308,428	293,655	5.0%
Operating grants and contributions	3,552,201	4,026,990	-11.8%
General revenues			
Property taxes	1,769,381	1,688,533	4.8%
Grants and contributions not restricted	5,927,530	5,482,957	8.1%
Other	1,664,273	1,238,292	34.4%
<b>Total revenues</b>	<u>13,221,813</u>	<u>12,730,427</u>	3.9%
<b>Expenses:</b>			
Instruction	6,558,422	6,209,205	5.6%
Support services	4,441,795	3,880,006	14.5%
Non-instructional	673,090	632,583	6.4%
Sixteenth Section	114,287	76,267	49.9%
Interest and other expenses on long-term liabilities	97,663	114,239	-14.5%
<b>Total expenses</b>	<u>11,885,257</u>	<u>10,912,300</u>	8.9%
<b>Increase in net assets</b>	1,336,556	1,818,127	-26.5%
<b>Net Assets, July 1</b>	11,524,189	9,686,763	
<b>Prior period adjustment</b>	26,412	19,299	36.9%
<b>Net Assets, restated, July 1</b>	<u>11,550,601</u>	<u>9,706,062</u>	19.0%
<b>Net Assets, June 30</b>	<u>\$ 12,887,157</u>	<u>11,524,189</u>	11.8%

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

- Program revenues decreased from the previous fiscal year due primarily to a decrease in operating grants and contributions. In the previous fiscal year, the District received revenue from federal sources to reimburse the District for costs associated with the instruction of displaced students and other costs incurred related to Hurricane Katrina.
- General revenues increased from the previous fiscal year due primarily to an increase in unrestricted state grants and contributions and sixteenth section sources.
- Instruction expenses increased from the previous fiscal year due primarily to an increase in salary related expenditures and health insurances and retirement benefits.
- Support services expenses increased from the previous fiscal year due primarily to an increase in salary related expenditures, health insurance and retirement benefits and the purchase of three new school buses in the current fiscal year.

**Governmental activities.** The following table presents, for the fiscal year ended June 30, 2007, and comparative data for the fiscal year ended June 30, 2006, 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.

	2007		2006	
	Total Expenses	Net(Expense) Revenue	Total Expenses	Net(Expense) Revenue
Instruction	\$ 6,558,422	(4,825,862)	\$ 6,209,205	(3,879,954)
Support services	4,441,795	(3,127,966)	3,880,006	(2,725,614)
Non-instructional	673,090	65,602	632,583	98,597
Sixteenth Section	114,287	(38,739)	76,267	29,555
Interest and other expenses on long-term liabilities	97,663	(97,663)	114,239	(114,239)
	<u>\$11,885,257</u>	<u>(8,024,628)</u>	<u>\$ 10,912,300</u>	<u>(6,591,655)</u>

- The net cost of governmental activities for fiscal year 2007 in the amount of \$8,024,628 was financed by general revenue, which is made up of primarily property taxes of \$1,769,381, state revenue of \$5,683,251.
- Investment earnings accounted for \$441,559 of funding.
- Sixteenth section sources in the amount of \$1,081,831 were generated during the fiscal year primarily from the sale of timber, sixteenth section leases, and oil and gas royalties.

#### 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, 2007, its governmental funds reported a combined fund balance of \$10,171,713. The net change in fund balance for the fiscal year was an increase of \$1,339,381 due primarily to sixteenth section revenue generated during the fiscal year mainly from the sale of timber, sixteenth section leases, oil and gas royalties and earnings on sixteenth section investments and conservative budgeting during the fiscal year. \$1,509,502, or 15%, 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 \$8,662,211, or 85%, 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 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 \$1,292,511 due primarily to transfer of funds from the Sixteenth Section Interest Fund and conservative budgeting and spending during the fiscal year. The net change in fund balance for the Sixteenth Section Principal Fund was an increase of \$203,398, due primarily to revenue received from oil and gas royalties and earnings on investments. The net change in fund balance for the Other Governmental Funds for the fiscal year was a decrease of \$156,528 due primarily to the deficiency of revenues 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 to reflect the decrease in Mississippi Adequate Education Program funds from the original allocation to the revised allocation.
- Budgeted amounts for instruction and support services expenditures were decreased primarily to reflect the retirement of teachers who were replaced with teachers with less experience and a smaller increase in utilities than originally anticipated.
- Budgeted amounts for transfers in and transfers out of the General Fund were revised to reflect actual transfers made during the fiscal year.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital assets.** As of June 30, 2007, the District's total capital assets, before depreciation, were \$6,396,603, 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 \$134,087 from the previous year. Total depreciation expense for the year was \$216,959. Total accumulated depreciation as of June 30, 2007 was \$3,447,428, resulting in total net assets of \$2,949,175.

	Capital Assets, Net of Depreciation		Percentage Change
	2007	2006	
Land	\$ 1,010	1,010	0.0%
Construction in progress	11,932	0	
Buildings	1,594,733	1,641,687	-2.9%
Building improvements	499,119	524,926	-4.9%
Improvements other than buildings	71,540	81,760	-12.5%
Mobile equipment	700,753	628,053	11.6%
Furniture and equipment	70,088	65,764	6.6%
Total	<u>\$ 2,949,175</u>	<u>2,943,200</u>	0.2%

**Debt administration.** At June 30, 2007, the District had \$232,859 in transportation notes payable and compensated absences payable, of which \$39,120 is due within one year.

	Outstanding Debt		Percentage Change
	2007	2006	
Transportation note payable	161,000	196,500	-18.1%
Compensated absences payable	71,859	63,941	12.4%
	<u>\$ 232,859</u>	<u>260,441</u>	-10.6%

Additional information of the district's long-term debt can be found in Note 6 on page 38 of this report.

**CURRENT ISSUES**

The Amite 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. In addition, the District's system of financial planning, sound budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

**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

FINANCIAL STATEMENTS

AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY SCHOOL DISTRICT  
Statement of Net Assets  
June 30, 2007

Exhibit A

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 3,898,407
Due from other governments	534,991
Inventories and prepaid items	17,558
Restricted assets	5,756,359
Capital assets, non-depreciable:	
Land	1,010
Construction in progress	11,932
Capital assets, net of accumulated depreciation:	
Buildings	1,594,733
Building improvements	499,119
Improvements other than buildings	71,540
Mobile equipment	700,753
Furniture and equipment	70,088
Total Assets	<u>13,156,490</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	35,602
Interest payable on long-term liabilities	872
Long-term liabilities, due within one year	
Capital related liabilities	37,500
Non-capital related liabilities	1,620
Long-term liabilities, due beyond one year	
Capital related liabilities	123,500
Non-capital related liabilities	70,239
Total Liabilities	<u>269,333</u>
<b>Net Assets</b>	
Investment in capital assets, net of related debt	2,788,175
Restricted net assets:	
Expendable:	
School - based activities	339,375
Capital improvements	769,455
Forestry improvements	105,808
Unemployment benefits	42,197
Non-expendable:	
Sixteenth section	7,727,193
Unrestricted	<u>1,114,954</u>
Total Net Assets	<u>\$ 12,887,157</u>

AMITE COUNTY SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2007

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
<b>Governmental Activities:</b>				
Instruction	\$ 6,558,422	55,012	1,677,548	(4,825,862)
Support services	4,441,795	-	1,313,829	(3,127,966)
Non-instructional	673,090	177,868	560,824	65,602
Sixteenth section	114,287	75,548	-	(38,739)
Interest on long-term liabilities	97,663	-	-	(97,663)
<b>Total governmental activities</b>	<b>\$ 11,885,257</b>	<b>308,428</b>	<b>3,552,201</b>	<b>(8,024,628)</b>
<b>General Revenues:</b>				
<b>Taxes:</b>				
				1,769,381
<b>Unrestricted grants and contributions:</b>				
				5,683,251
				244,279
				441,559
				1,081,831
				140,883
				<u>9,361,184</u>
				<u>1,336,556</u>
				11,524,189
				<u>26,412</u>
				<u>11,550,601</u>
				<u>\$ 12,887,157</u>

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

AMITE COUNTY SCHOOL DISTRICT  
 Balance Sheet - Governmental Funds  
 June 30, 2007

Exhibit C

	Major Funds			Total Governmental Funds
	General Fund	16th Section Principal Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,070,418	5,756,359	827,989	9,654,766
Due from other governments	111,804	-	422,697	534,501
Due from other funds	490	-	-	490
Advance to other funds	-	1,970,834	-	1,970,834
Inventories and prepaid items	2,988	-	14,570	17,558
<b>Total Assets</b>	<b>\$ 3,185,700</b>	<b>7,727,193</b>	<b>1,265,256</b>	<b>12,178,149</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 24,193	-	11,409	35,602
Advances from other funds	1,970,834	-	-	1,970,834
<b>Total Liabilities</b>	<b>1,995,027</b>	<b>-</b>	<b>11,409</b>	<b>2,006,436</b>
<b>Fund Balances:</b>				
<b>Reserved for:</b>				
Advances	-	1,970,834	-	1,970,834
Inventory	-	-	14,570	14,570
Prepaid items	2,988	-	-	2,988
Unemployment benefits	-	-	42,197	42,197
Forestry improvement purposes	-	-	105,808	105,808
Capital projects funds	-	-	769,455	769,455
Permanent fund purposes	-	5,756,359	-	5,756,359
<b>Unreserved:</b>				
<b>Undesignated, reported in:</b>				
General fund	1,187,685	-	-	1,187,685
Special revenue funds	-	-	321,817	321,817
<b>Total Fund Balances</b>	<b>1,190,673</b>	<b>7,727,193</b>	<b>1,253,847</b>	<b>10,171,713</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,185,700</b>	<b>7,727,193</b>	<b>1,265,256</b>	<b>12,178,149</b>

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, 2007

Exhibit C-1

	<u>Amount</u>
<b>Total fund balance - governmental funds</b>	\$ 10,171,713
Amounts reported for governmental activities in the statement of net assets are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$3,447,428	2,949,175
2. Liabilities are not due and payable in the current period and therefore are not reported in the funds.	(232,859)
3. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Net Assets recognizes interest as it accrues.	(872)
<b>Total Net Assets - Governmental Activities</b>	\$ <u>12,887,157</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, 2007

	Major Funds			Total Governmental Funds
	General Fund	16th Section Principal Fund	Other Governmental Funds	
<b>Revenues:</b>				
Local sources	\$ 2,044,500	-	204,700	2,249,200
State sources	5,720,255	-	263,344	5,983,599
Federal sources	280,835	-	3,215,297	3,496,132
Sixteenth section sources	-	524,398	959,384	1,483,782
<b>Total Revenues</b>	<b>8,045,590</b>	<b>524,398</b>	<b>4,642,725</b>	<b>13,212,713</b>
<b>Expenditures:</b>				
Instruction	4,459,810	-	2,003,481	6,463,291
Support services	2,953,605	-	1,524,622	4,478,227
Noninstructional services	3,588	-	666,647	670,235
Sixteenth section	-	-	114,287	114,287
Facilities acquisition and construction	-	-	24,037	24,037
Debt service:				
Principal	-	-	35,500	35,500
Interest	92,117	-	5,738	97,855
<b>Total Expenditures</b>	<b>7,509,120</b>	<b>-</b>	<b>4,374,312</b>	<b>11,883,432</b>
Excess (Deficiency) of Revenues Over Expenditures	536,470	524,398	268,413	1,329,281
<b>Other Financing Sources (Uses):</b>				
Insurance loss recoveries	6,880	-	-	6,880
Sale of transportation equipment	1,000	-	-	1,000
Sale of other property	2,015	-	-	2,015
Operating transfers in	1,191,902	-	863,163	2,055,065
Other financing sources	-	-	205	205
Operating transfers out	(445,756)	(321,000)	(1,288,309)	(2,055,065)
<b>Total Other Financing Sources (Uses)</b>	<b>756,041</b>	<b>(321,000)</b>	<b>(424,941)</b>	<b>10,100</b>
<b>Net Change in Fund Balances</b>	<b>1,292,511</b>	<b>203,398</b>	<b>(156,528)</b>	<b>1,339,381</b>
<b>Fund Balances:</b>				
July 1, 2006	(101,838)	7,523,795	1,420,537	8,842,494
Prior period adjustments	-	-	(15,534)	(15,534)
July 1, 2006, as restated	(101,838)	7,523,795	1,405,003	8,826,960
Increase (Decrease) in reserve for inventory	-	-	5,372	5,372
<b>June 30, 2007</b>	<b>\$ 1,190,673</b>	<b>7,727,193</b>	<b>1,253,847</b>	<b>10,171,713</b>

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

AMITE COUNTY SCHOOL DISTRICT  
 Reconciliation of the Governmental Funds Statement of Revenues,  
 Expenditures and Changes in Fund Balances to the Statement of Activities  
 For the Year Ended June 30, 2007

Exhibit D-1

	<u>Amount</u>
<b>Net Change in fund balances - governmental funds</b>	<b>\$ 1,339,381</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchase amounted to \$188,032 and the depreciation expense amounted to \$216,959.	(28,927)
2. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Activities.	35,500
3. Governmental funds recognized interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.	192
4. Gains and losses on the sale or disposal of assets are not reported in the governmental funds, but are reported in the Statement of Activities, net of proceeds.	(7,044)
5. Increases (decreases) in the inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are (decreased) increased in the Statement of Activities.	5,372
6. Expenses in the Statement of Activities not normally paid with expendable available financial resources are not reported as expenditures in the governmental funds.	
Compensated absences	(7,918)
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ <u><u>1,336,556</u></u></b>

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

AMITE COUNTY SCHOOL DISTRICT  
Statement of Fiduciary Assets and Liabilities  
June 30, 2007

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ <u>465,537</u>
Total Assets	<u>465,537</u>
Liabilities	
Accounts payable and accrued liabilities	458,906
Due to other funds	490
Due to student clubs	<u>6,141</u>
Total Liabilities	\$ <u>465,537</u>

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

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For the Year Ended June 30, 2007

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, to 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, 2007

#### *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. 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 Fund 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 flow 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 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.

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, 2007

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, 2003* 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 three 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, 2007

For accounting purposes, certificates of deposit are classified as investments if they have a maturity greater than three 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.

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

I. Capital Assets.

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

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

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

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

	Capitalization 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 4 for details.

## AMITE COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For the Year Ended June 30, 2007

#### 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 obligations are reported as liabilities in the governmental activities column. 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 3 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, 2007

*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 a portion of the fund balance that is legally restricted for the payment of unemployment benefits.

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

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

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

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.

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For the Year Ended June 30, 2007

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 retires.

(2) Cash and Cash Equivalents.

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits are imposed by statutes as follows:

**Deposits.** The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$9,654,766 and \$465,537 respectively. The carrying amount of deposits reported in the government-wide statements was: Cash and cash equivalents \$3,898,407 and restricted assets \$5,756,359. The restricted assets represent the cash balance of the Sixteenth Section Principal Fund (Permanent Funds) which is legally restricted and may not be used for purposes that support the district's programs. The bank balance was \$10,524,290.

*Custodial Credit Risk – Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2007, none of the district's bank balance of \$10,524,290 was exposed to custodial credit risk.

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For the Year Ended June 30, 2007

(3) 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>
Governmental Funds:		
General fund	\$ 490	
Fiduciary funds		490
Total Funds	<u>\$ 490</u>	<u>490</u>

This represents the amount of interest earned in the payroll clearing fund and accounts payable clearing fund that had not been transferred to the General Fund at year end:

B. Advances To/Advances From:

	<u>Advances To</u>	<u>Advances From</u>
Governmental Funds:		
General fund	\$ 1,970,834	
Sixteenth section principal fund		1,970,834
Total Funds	<u>\$ 1,970,834</u>	<u>1,970,834</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).

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For the Year Ended June 30, 2007

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
2008	932,539	63,126	995,665
2009	211,033	41,532	252,565
2010	192,480	33,090	225,570
2011	167,586	25,391	192,977
2012	122,301	18,688	140,989
2013-2017	197,682	52,319	250,001
2018-2021	147,213	14,742	161,955
Total	<u>\$ 1,970,834</u>	<u>248,888</u>	<u>2,219,722</u>

C. Transfers In/Out.

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General fund	\$ 1,191,902	445,756
16th Section Principal		321,000
Other governmental funds	863,163	1,288,309
Total Funds	<u>\$ 2,055,065</u>	<u>2,055,065</u>

The above transfers were for distribution of MAEP monies to various funds, and the transfer of sixteenth section principal and interest funds.

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For the Year Ended June 30, 2007

(4) Capital Assets.

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

	Balance 7/1/2006	Additions	Deletions	Adjustments	Balance 6/30/2007
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,010				1,010
Construction in Progress		11,932			11,932
Total non-depreciable capital assets	<u>1,010</u>	<u>11,932</u>	<u>-</u>	<u>-</u>	<u>12,942</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	1,469,828	176,100	(70,443)	23,001	1,598,486
Furniture and equipment	497,242			(6,503)	490,739
Total depreciable capital assets	<u>6,261,506</u>	<u>176,100</u>	<u>(70,443)</u>	<u>16,498</u>	<u>6,383,661</u>
<u>Less accumulated depreciation for:</u>					
Buildings	(1,752,075)	(46,954)			(1,799,029)
Building improvement	(120,248)	(25,807)			(146,055)
Improvements other	(173,740)	(10,220)			(183,960)
Mobile equipment	(841,775)	(110,682)	63,399	(8,675)	(897,733)
Furniture and equipment	(431,478)	(23,296)		34,123	(420,651)
Total accumulated depreciation	<u>(3,319,316)</u>	<u>(216,959)</u>	<u>63,399</u>	<u>25,448</u>	<u>(3,447,428)</u>
Total depreciable capital assets, net	<u>2,942,190</u>	<u>(40,859)</u>	<u>(7,044)</u>	<u>41,946</u>	<u>2,936,233</u>
Governmental activities capital assets, net	<u>\$ 2,943,200</u>	<u>(28,927)</u>	<u>(7,044)</u>	<u>41,946</u>	<u>2,949,175</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 90,222
Support services	119,064
Non-instructional	7,673
Total depreciation expense	<u>\$ 216,959</u>

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For the Year Ended June 30, 2007

Commitments under construction contracts at June 30, 2007, are summarized as follows:

	<u>Remaining Commitment</u>	<u>Required Future Financing</u>
Amite County High School Track Renovation	\$ 71,092	-

(5) Long-term liabilities.

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

	<u>Balance 7/1/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2007</u>	<u>Amount Due within one year</u>
A. Transportation note payable	\$196,500	-	(35,500)	161,000	37,500
B. Compensated absences payable	63,941	7,918		71,859	1,620
<b>Total</b>	<u>\$260,441</u>	<u>7,918</u>	<u>(35,500)</u>	<u>232,859</u>	<u>39,120</u>

A. Transportation Note.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	37,500	5,233	42,733
2009	39,500	4,014	43,514
2010	41,000	2,730	43,730
2011	43,000	1,398	44,398
<b>Total</b>	<u>\$ 161,000</u>	<u>13,375</u>	<u>174,375</u>

The debt will be retired from the EEF Building and Buses Fund.

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, 2007

(6) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The rate for fiscal year ended June 30, 2007, was 11.30% 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, 2007, 2006 and 2005 were \$729,797, \$649,658, and \$688,349, respectively, which equaled the required contributions for each year.

(7) 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
2008	\$ 72,425
2009	66,895
2010	48,912
2011	28,791
2012	14,008
2013-2017	39,665
2018-2022	413
2023-2027	413
2028-2032	413
2033-2037	413
2038-2042	413
2043-2045	248
Total	<u>\$ 273,009</u>

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For the Year Ended June 30, 2007

(8) 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>
1. An adjustment to correct a prior year error in recording a capital asset and recording depreciation expense.	\$ 41,946
2. An adjustment to correct a prior year error in record an expenditure in the Nurse ESPDT Grant.	(450)
3. An adjustment to correct a prior year error in record an expenditure in the Adult Basic Education Fund.	(15,084)
Total	<u>\$ 26,412</u>

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

<u>Explanations</u>	<u>Amount</u>
1. An adjustment to correct a prior year error in record an expenditure in the Nurse ESPDT Grant.	\$ (450)
2. An adjustment to correct a prior year error in record an expenditure in the Adult Basic Education Fund.	(15,084)
Total	<u>\$ (15,534)</u>

(9) Litigation

The school is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the school district with respect to various proceedings. However, the school district's legal counsel believes that there is no litigation or threatened proceedings at present that will have a material adverse effect on the financial condition of the school district.

(10) Subsequent Events.

On August 9, 2007, the bid of Hunt Forest Products for \$521,625 for purchase of timber was approved.

On November 11, 2007, the board approved repayment of \$633,126.91 for 16<sup>th</sup> Section Principal Advance that was not used. One million dollars had been borrowed with this advance on June 17, 2004 to correct building items specified in the Mississippi Education Audit as well as other needs. The funds spent were used for emergency egress windows in classrooms and renovations to

AMITE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For the Year Ended June 30, 2007

playgrounds to comply with the Safe and Orderly Schools Act. Also central air conditioning units were purchased as replacements in buildings. Due to a change of financial advisors to the school district and advice from Secretary of State's office, the remaining money was repaid for lack of specific plans for its use.

On February 2, 2008, bats were discovered in two locations, one a gym. Steps were being taken to stop the entry of the bats and to clean the facilities. Health care personnel were called to inspect the facilities. No estimate of the cost to get buildings back to use or loss of revenue due to loss of gym for school games is available at this time.

(11) 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 was a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT) in prior years. The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 121 school districts and one community college 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 BancorpSouth Bank in Jackson. The funds in the trust account are used to pay any claim up to \$700,000. For a claim exceeding \$700,000, MSBAWCT has insurance which will pay the excess up to the statutory amount required by the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies.

On September 30, 2005, Amite County School District was assessed an additional assessment of \$3,025, depending upon their years of membership in MSBAWCT. If a member leaves the pool, they must repay the complete balances of the assessment within two years in equal installments.

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, 2007

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 2,044,782	2,044,500	2,044,500	(282)	-
State sources	5,828,509	5,710,173	5,720,255	(118,336)	10,082
Federal sources	274,000	290,917	280,835	16,917	(10,082)
Total Revenues	<u>8,147,291</u>	<u>8,045,590</u>	<u>8,045,590</u>	<u>(101,701)</u>	<u>-</u>
<b>Expenditures:</b>					
Instruction	4,657,527	4,462,532	4,459,810	194,995	2,722
Support services	3,359,081	2,956,912	2,953,605	402,169	3,307
Noninstructional services	6,570	3,588	3,588	2,982	-
Debt service:					
Interest	92,117	92,117	92,117	-	-
Total Expenditures	<u>8,115,295</u>	<u>7,515,149</u>	<u>7,509,120</u>	<u>600,146</u>	<u>6,029</u>
Excess (Deficiency) of Revenues Over Expenditures	31,996	530,441	536,470	498,445	(6,029)
<b>Other Financing Sources (Uses):</b>					
Insurance loss recoveries	-	6,880	6,880	6,880	-
Sale of transportation equipment	-	1,000	1,000	1,000	-
Sale of other property	-	2,015	2,015	2,015	-
Operating transfers in	1,507,553	1,774,489	1,774,489	266,936	-
Operating transfers out	(1,107,565)	(1,028,343)	(1,028,343)	79,222	-
Total Other Financing Sources (Uses)	<u>399,988</u>	<u>756,041</u>	<u>756,041</u>	<u>356,053</u>	<u>-</u>
Net Change in Fund Balances	431,984	1,286,482	1,292,511	854,498	6,029
<b>Fund Balances:</b>					
July 1, 2006			(101,838)		
June 30, 2007			<u>\$ 1,190,673</u>		

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, 2007

(1) Basis of Presentation.

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

(2) Budget amendments and revisions.

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15<sup>th</sup> of each year. 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

SUPPLEMENTAL INFORMATION

AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY SCHOOL DISTRICT  
 Schedule of Expenditure of Federal Awards  
 For the Year Ending June 30, 2007

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	\$ 43,931
Child nutrition cluster:		
School breakfast program	10.553	150,904
National school lunch program	10.555	493,710
Summer food service program for children	10.559	17,752
Total child nutrition cluster		<u>662,366</u>
Total U. S. Department of Agriculture		<u>706,297</u>
<u>U. S. Department of Defense</u>		
Direct program:		
Reserve officers' training corps	12.XXX	45,430
Total U. S. Department of Defense		<u>45,430</u>
<u>U. S. Department of Education</u>		
Passed-through Mississippi Board for Community and Junior Colleges:		
Adult education - state grant program	84.002	53,250
Total		<u>53,250</u>
Passed-through Mississippi Department of Education:		
Title I-grants to local educational agencies	84.010	752,917
Vocational education-basic grants to states	84.048	29,690
Safe and drug-free schools and communities-national programs	84.184	56,497
Safe and drug-free schools and communities-state grants	84.186	14,609
Education for homeless children and youth	84.196	64,779
Twenty-first century community learning centers	84.287	210,405
Education technology state grants	84.318	175,158
Transition to teaching	84.350	2,840
Reading first state grants	84.357	566,760
Rural education	84.358	7,127
Improving teacher quality state grants	84.367	193,059
Total		<u>2,073,841</u>

Special education cluster:		
Special education-grants to states	84.027	444,374
Special education-preschool grants	84.173	<u>13,977</u>
Total		<u>458,351</u>
Total passed-through Mississippi Department of Education		<u>2,532,192</u>
Total U.S. Department of Education		<u>2,585,442</u>
Total for All Federal Awards		<u>\$ 3,337,169</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, 2007

Expenditures	Total	Instruction and Other Student Instructional Expenditures			
		General Administration	School Administration	Other	
Salaries and fringe benefits	\$ 8,759,355	587,322	475,523	1,090,386	
Other	3,124,077	209,579	34,021	1,758,307	
<b>Total</b>	<b>\$ 11,883,432</b>	<b>796,901</b>	<b>509,544</b>	<b>2,848,693</b>	
Total number of students *		1,192			
Cost per student \$		9,969	6,483	669	2,390

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

**Instruction and Other Student Instructional Expenditures** - includes the activities dealing with the interaction between teachers and students. Included here are the activities of teachers, teacher's aides or classroom assistants of any type. (all the 1000, 2100, & 2200 functional codes)

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

**School Administration** - includes expenditures for the following function :Support Services - School Administration (2400s)

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

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

AMITE COUNTY SCHOOL DISTRICT

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AMITE COUNTY SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

AMITE COUNTY SCHOOL DISTRICT

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**CERTIFIED PUBLIC ACCOUNTANT**

**AICPA/MSCPA**

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*

December 13, 2007

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, 2007, which collectively comprise Amite County School District's basic financial statements and have issued our report thereon dated December 13, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all the deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in the internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Finding and Questioned Costs as Findings 2007-1 and 2007-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the school district's internal control.

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Al Dribben, CPA

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601-684-4819 Phone 601-684-4818 Fax 1-888-299-4829 MS Toll Free email [dribbencpa@cableone.net](mailto:dribbencpa@cableone.net)

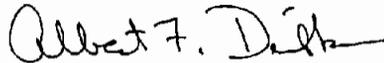
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the school board and management, entities with accreditation 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

CERTIFIED PUBLIC ACCOUNTANT

AICPA/MSCPA

AN 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

December 13, 2007

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, 2007. 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, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding 2007-3 and 2007-4,

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

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Al Dribben, CPA

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Our considerations of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

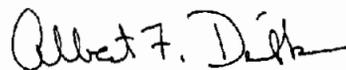
A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer federal programs such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in the internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2007-03 and 2007-04 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Finding 2007-03 and 2007-04 to be material weaknesses.

Amite County School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Amite County School District's responses and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be 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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CERTIFIED PUBLIC ACCOUNTANT

AICPA/MSCPA

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

December 13, 2007

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, 2007, which collectively comprise Amite County School District's basic financial statements and have issued our report thereon dated December 13, 2007. 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 stat 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 \$4,166 of classroom supply funds carried over from previous years.

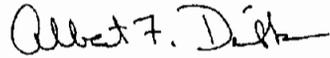
Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

The results of our procedures to test compliance with the requirement of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

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

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, 2007

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. Significant deficiencies 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. Significant deficiency identified that is not considered to be material weakness?   | Yes           |
| 6  | Any audit finding reported as required by Section __.510(a) of Circular A-133?   | No            |
| 7  | Federal programs identified as major programs:   |               |
|    | a. Nutrition cluster   |               |
|    | School breakfast program   | CFDA#: 10.553 |
|    | National school lunch program  | CFDA#: 10.555 |
|    | Summer food service program for children   | CFDA#: 10.559 |
|    | b. Title I grants to local educational agencies  | CFDA#: 84.010 |
|    | c. Special education cluster   |               |
|    | Special education - grants to states   | CFDA#: 84.027 |
|    | Special education - preschool grants   | CFDA#: 84.173 |
| 8  | The dollar threshold used to distinguish between type A and type B programs:   | \$ 300,000    |
| 9  | Auditee qualified as 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? | No            |

AMITE COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2007

Section 2: Financial Statement Findings:

Significant Deficiencies Not Considered to be Material Weaknesses

2007-01 Finding

Criteria: Policies and procedures should be in place to document and record into the general fixed assets data base all fixed assets placed in service in the school district.

Condition: During our test of existence and completeness of general fixed assets, we noted the following internal control weakness:

One instance of an asset being placed in service without being recorded into the general fixed asset data system. This asset, however, had been labeled with an asset number and designation of being property of the school district.

Cause: Weak internal control over the completeness function of the general fixed assets.

Effect: General fixed assets per books would not be complete, causing a possible understatement of assets.

Recommendation: We recommend that all assets purchased by the school district be recorded into the general fixed assets data base prior to being placed in service, so that such information of description, cost, location and method of depreciation be input.

2007-02 Finding

Criteria: Management is responsible for establishing a proper internal control system to insure proper financial accountability.

Condition: During our test of general expenditures, we noted one instance of an invoice exceeding the purchase request and purchase order.

Cause: An internal control over purchasing that was not functioning properly.

Effect: Improper internal controls over purchasing in this instance could cause overspending by the district. If allowed in other instances it could cause expenditures to exceed cash on hand or exceed budget limitations—both of which are against state law.

Recommendation: Purchases should not exceed amounts on the purchase order, except for shipping costs. Persons filing a purchase requisition must first carefully verify costs prior to forwarding up for a purchase order. The purchase clerk must verify that cash is available in the amount of the purchase requisition and that it is within budgeted amounts prior to signing approval to purchase.

AMITE COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2007

Section 3: Federal Award Findings and Questioned Costs

Significant Deficiencies Not Considered to be Material Weaknesses

Internal Controls Surrounding Improving Teacher Quality State Grants Should be Strengthened

2007-03 Finding

Program: Improving teacher quality state grants; Passed-through the Mississippi Department of Education, CFDA#84.367

Compliance requirement: Procurement

Criteria: Management is responsible for establishing a proper internal control system to insure proper financial accountability and proper reporting of program expenditures.

Condition: During our test of general expenditures, we noted the following weaknesses:

One invoice in the amount of \$1,200 was not approved for payment by the program director.

Effect: Improper internal controls resulted in payment without proper review by the program director.

Improper internal controls concerning Improving teacher quality state grants could result in unallowable expenditures being paid by this program's funds.

Recommendation: The district should implement stronger internal controls to insure that all program expenditures are approved by the program director prior to payment.

School District's Response:

The district has discussed with all program directors the importance of all documents having the proper approval before any expenditure.

Internal Controls Surrounding Safe and Drug-Free Schools and Communities – National Programs Should be Strengthened

2007-04 Finding

Program: Safe and drug-free schools and communities-national programs; Passed-through the Mississippi Department of Education, CFDA#84.184

Compliance requirement: Procurement

Criteria: Management is responsible for establishing a proper internal control system to insure proper financial accountability and proper reporting of program expenditures.

AMITE COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2007

- Condition: During our test of general expenditures, we noted the following weaknesses:
- One invoice in the amount of \$8,500 was not approved for payment by the program director.
- Effect: Improper internal controls resulted in payment without proper review by the program director.
- Improper internal controls concerning Safe and drug-free schools and communities – state grants could result in unallowable expenditures being paid by this program’s funds.
- Recommendation: The district should implement stronger internal controls to insure that all program expenditures are approved by the program director prior to payment.
- School District’s Response: The district has discussed with all program directors the importance of all documents having the proper approval before any expenditure.

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

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

CORRECTIVE ACTION PLAN

04/02/08

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, 2007.

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:

07-01

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 will implement stronger controls over fixed assets. The district will not allow any fixed asset item to be placed into service without it first being tagged and entered into the system. All fixed asset items are held in the principal's office until a proper tag is on the item and the proper paperwork is completed.

Anticipated Completion Date:  
Effective April 2, 2008

07-02

Corrective Action Planned:

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

Correction Action Planned:

Procedures have been put in place to educate employees about the proper procedures for purchasing. If a price has increased from the time the requisition was done to the time it is ordered, the employee is to request a revised purchase order. We will try to put stronger policies in place to control this.

Anticipated Completion Date:  
Effective April 2, 2008

07-03

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 discussed with all program directors the importance of all documents having the proper approval before any expenditure is paid.

Anticipated Completion Date:

Effective March 31, 2008

07-04

Corrective Action Planned:

Name(s) of Contact Person(s) Responsible for Corrective Action:

Sherie Jones, Business Manager, 601-657-4361

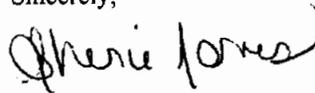
Correction Action Planned:

The district has discussed with all program directors the importance of all documents having the proper approval before any expenditure is paid.

Anticipated Completion Date:

Effective March 31, 2008

Sincerely,



Sherie Jones  
Business Manager