

DURANT PUBLIC SCHOOL DISTRICT

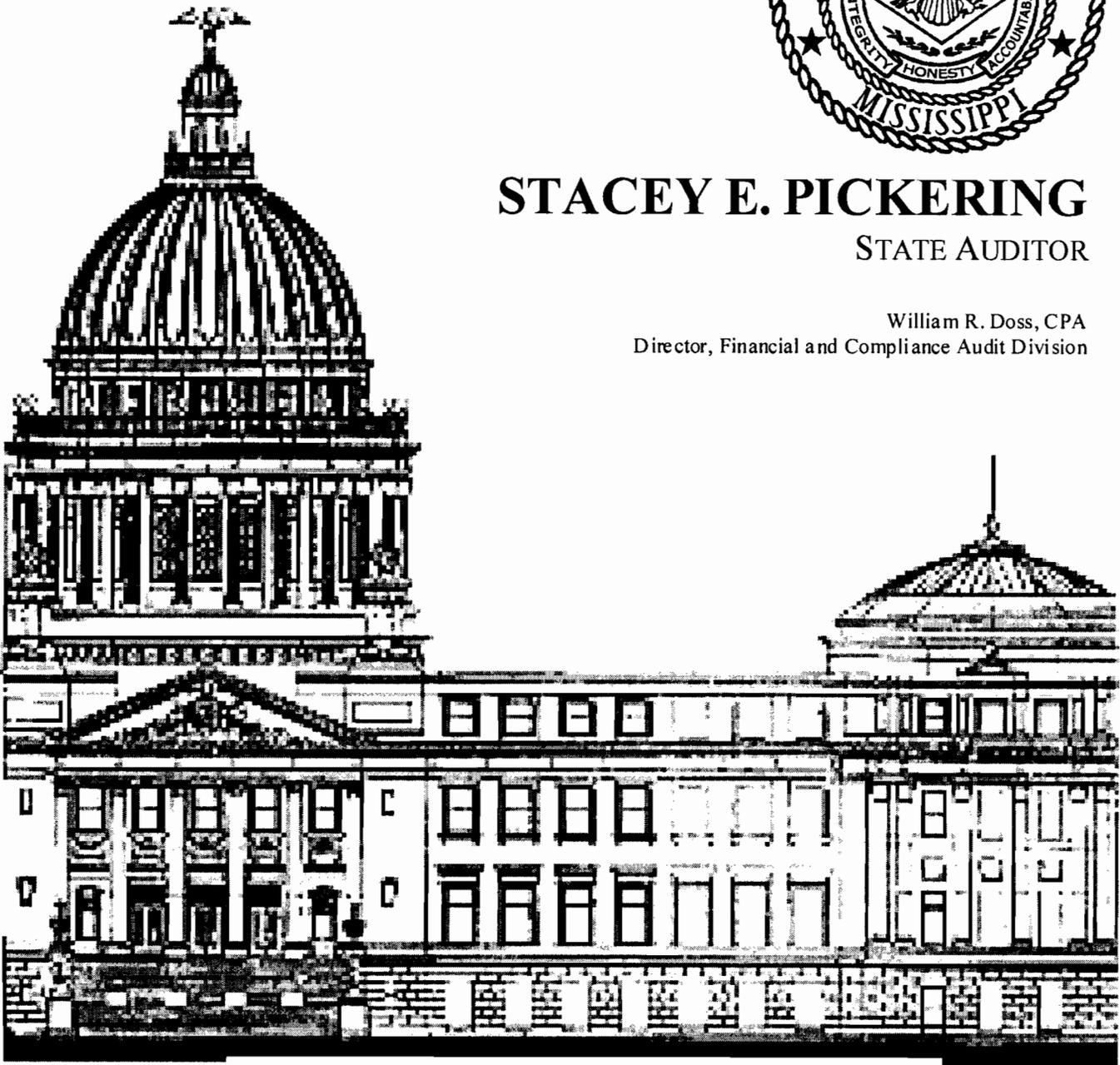
Audited Financial Statements
For the Year Ended June 30, 2007



STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division



A Report from the Education Audit Section

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DURANT PUBLIC SCHOOL DISTRICT

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DURANT PUBLIC SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

DURANT PUBLIC SCHOOL DISTRICT

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
STATE AUDITOR

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

Superintendent and School Board
Durant Public School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Durant Public School District as of and for the year ended June 30, 2007, which collectively comprise the Durant Public School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Durant Public 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 Durant Public 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.

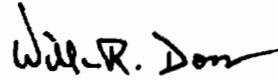
In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2009, on our consideration of the Durant Public School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 7 through 13 and the Budgetary Comparison Schedule and corresponding notes on pages 39 through 41 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Durant Public 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.



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

February 25, 2009

DURANT PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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DURANT PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

The discussion and analysis of Durant Public 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 financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in 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.

- Total net assets for 2007 increased \$375,956, including the effect of prior period adjustments of \$11,232, which represents 171.17% increase from fiscal year 2006.
- General revenues account for \$3,905,698 in revenue, or 75.16% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,291,137 or 24.84% of total revenues.
- The District had \$4,832,111 in expenses; only \$1,291,137 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$3,905,698 were adequate to provide for these programs.
- Among major funds, the General Fund had \$3,762,134 in revenues and \$3,759,106 in expenditures. The General Fund's fund balance increased \$12,034 over the prior year.
- Capital assets, net of accumulated depreciation, increased by \$167,642.
- Long-term debt decreased by \$140,668. In addition, the liability for compensated absences decreased by \$1,608.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

DURANT PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. Both the governmental fund's balance sheet and the governmental fund's 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's balance sheet and in the governmental fund's statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

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 have a full understanding of the data provided in the government-wide and fund financial statements.

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

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

Additionally, a schedule of expenditures of federal awards is required by OMB Circular A-133 and a Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds can be found in this report.

DURANT PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$595,590 as of June 30, 2007.

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

Table 1 presents a summary of the District's net assets for the fiscal years ended June 30, 2007 and 2006.

Table 1
Condensed Statement of Net Assets

	June 30, 2007	June 30, 2006	Total Percentage Change 2006-2007
Current assets	\$ 1,316,818	1,228,193	7.22%
Capital assets, net	1,416,651	1,249,009	13.42%
Total assets	<u>2,733,469</u>	<u>2,477,202</u>	10.35%
Current liabilities	57,269	34,682	65.13%
Long-term debt outstanding	2,080,610	2,222,886	(6.40)%
Total liabilities	<u>2,137,879</u>	<u>2,257,568</u>	(5.30)%
Net assets:			
Invested in capital assets, net of related debt	909,510	636,200	42.96%
Restricted	200,149	30,563	554.87%
Unrestricted	(514,069)	(447,129)	14.97%
Total net assets	<u>\$ 595,590</u>	<u>219,634</u>	171.17%

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

- The principal retirement of \$140,668 of long-term debt.
- The addition of \$262,258 in capital assets from purchases of furniture and equipment and \$2,990 from land purchase.

Changes in net assets. The District's total revenues for the fiscal year ended June 20, 2007 were \$5,196,835. The total cost of all programs and services was \$4,832,111. Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2007 and 2006.

DURANT PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

Table 2
Change(s) in Net Assets

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Total Percentage Change 2006-2007</u>
Revenues:			
Program revenues:			
Charges for services	\$ 54,577	29,382	85.75%
Operating grants and contributions	1,236,560	1,479,193	(16.40)%
Capital Grants and Contributions		19,295	(100.00)%
General revenues:			
Property taxes	689,182	735,449	(6.29)%
Grants and contributions not restricted	3,179,307	2,653,455	19.82%
Other	37,209	22,115	68.25%
Total Revenues	<u>5,196,835</u>	<u>4,938,889</u>	5.22%
Expenses:			
Instruction	2,290,708	2,416,716	(5.21)%
Support services	2,100,811	1,733,915	21.16%
Non-instructional	352,936	298,292	18.32%
Interest and other expense on long-term liabilities	87,656	105,035	(16.55)%
Total expenses	<u>4,832,111</u>	<u>4,553,958</u>	6.11%
Increase (Decrease) in net assets	364,724	384,931	(5.25)%
Net Assets, July 1	<u>219,634</u>	<u>(168,591)</u>	230.28%
Prior Period Adjustments	11,232	3,294	240.98%
Net Assets, July 1, Restated	<u>230,866</u>	<u>(165,297)</u>	239.67%
Net Assets, June, 30	<u>\$ 595,590</u>	<u>219,634</u>	171.17%

Governmental activities. Table 3 presents the cost of four major District functional activities: instruction, support services, non-instructional, and interest and other expenses on long-term debt. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

DURANT PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

Table 3
Net Cost of Governmental Activities

	Total Expenses		Total Percentage Change 2006-2007
	2007	2006	
Instruction	\$ 2,290,708	2,416,716	(5.21)%
Support services	2,100,811	1,733,915	21.16%
Non-instructional	352,936	298,292	18.32%
Interest and other expenses on long-term liabilities	87,656	105,035	(16.55)%
Total expenses	\$ 4,832,111	4,553,958	6.11%

	Total Net (Expense) Revenue		Total Percentage Change 2006 2007
	2007	2006	
Instruction	\$ (1,850,311)	(1,669,205)	10.85%
Support services	(1,583,554)	(1,272,473)	24.45%
Non-instructional	(19,453)	20,625	(194.32)%
Interest and other expenses on long-term liabilities	(87,656)	(105,035)	(16.55)%
Total Net (Expense) Revenue	\$ (3,540,974)	(3,026,088)	17.01%

- Net cost of governmental activities \$3,540,974 was financed by general revenue, which is made up of primarily property taxes \$689,182 and state revenue \$2,734,204.
- Investment earnings accounted for \$18,942 of funding.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$1,283,091, an increase of \$59,765 including the effect of a decrease in reserve for inventory of \$674. \$1,195,995 or 93.21% of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of \$87,096 or 6.79% is reserved or designated to indicate that it is not available for spending because it has already been committed.

DURANT PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$12,034 a result of an increase in local and state revenue. The increase in fund balance of Other Governmental Funds in the amount of \$19,428, including the effect of a decrease in reserve for inventory of \$674, is due primarily to an increase in local and state revenue also. The other increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I	no increase or decrease
Debt Service	\$28,303

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the school district.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2007, the District's total capital assets were \$2,304,272, including land, school buildings, buses, other school vehicles and furniture and equipment and leased property under capital leases. This amount represents an increase of \$265,248 from the previous year. Total accumulated depreciation as of June 30, 2007 was \$887,621 and total depreciation expense for the year was \$108,838, resulting in total net assets of \$1,416,651. Table 4 shows fiscal year 2007 compared to fiscal year 2006.

Table 4
Capital Assets

	<u>Capital Assets, Net of Depreciation</u>		Total Percentage Change
	<u>2007</u>	<u>2006</u>	<u>2006 2007</u>
Land	\$ 38,890	35,900	8.33%
Buildings	607,155	627,589	(3.26)%
Building improvements	512,351	541,140	(5.32)%
Improvements other than buildings	11,499	8,258	39.25%
Mobile equipment	25,258	26,706	(5.42)%
Furniture and equipment	211,876	(3,339)	6,445.49%
Leases	9,622	12,755	(24.56)%
Total	\$ <u>1,416,651</u>	<u>1,249,009</u>	13.42%

Debt Administration. At June 20, 2007, the district had \$2,080,610 in outstanding general obligation bonds and other long-term debt outstanding, of which \$116,496 is due within one year. Table 5 shows fiscal year 2007 compared to fiscal year 2006.

DURANT PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

Table 5
Outstanding Long-Term Debt at June 30

	Outstanding Debt		Total
	2007	2006	Percentage Change 2006 2007
General obligation bonds payable	\$ 1,135,000	1,180,000	(3.81)%
Limited obligation bonds payable	915,000	970,000	(5.67)%
Shortfall notes payable		35,000	(100.00)%
Obligations under capital leases	18,308	23,976	(23.64)%
Compensated absences payable	12,302	13,910	(11.56)%
Total	\$ 2,080,610	2,222,886	(6.40)%

The District maintains a AA- bond rating.

CURRENT ISSUES

The Durant Public School District is financially stable. The District is adequately serving its constituents and community. The district takes great pride in the fact that although they are a small district, their students are performing and the community is very proud of them.

The District is concerned about MAEP being fully funded since they are a small district with limited resources and full funding of MAEP is very important to them. Even with limited resources, the district is committed to providing their students with the highest level of educational opportunities by maximizing the resources available.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Durant Public School District, P. O. Box 669, Durant, MS 39063.

DURANT PUBLIC SCHOOL DISTRICT

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DURANT PUBLIC SCHOOL DISTRICT

FINANCIAL STATEMENTS

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DURANT PUBLIC SCHOOL DISTRICT
Statement of Net Assets
June 30, 2007

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 1,246,858
Investments	10,000
Due from other governments	55,063
Inventories	4,897
Capital assets, non-depreciable:	
Land	38,890
Capital assets, net of accumulated depreciation:	
Buildings	607,155
Building improvements	512,351
Improvements other than buildings	11,499
Mobile equipment	25,258
Furniture and equipment	211,876
Leased property under capital leases	<u>9,622</u>
Total Assets	<u><u>2,733,469</u></u>
Liabilities	
Accounts payable and accrued liabilities	16,890
Unearned revenue	16,837
Interest payable on long-term liabilities	23,542
Long-term liabilities, due within one year	
Capital related liabilities	47,884
Non-capital related liabilities	68,612
Long-term liabilities, due beyond one year	
Capital related liabilities	459,257
Non-capital related liabilities	<u>1,504,857</u>
Total Liabilities	<u><u>2,137,879</u></u>
Net Assets	
Invested in capital assets, net of related debt	909,510
Restricted net assets:	
Expendable:	
School-based activities	141,492
Debt service	48,475
Unemployment benefits	10,182
Unrestricted	<u>(514,069)</u>
Total Net Assets	<u><u>\$ 595,590</u></u>

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

DURANT PUBLIC SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2007

Exhibit B

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 2,290,708	25,572	414,825		(1,850,311)
Support services	2,100,811		517,257		(1,583,554)
Non-instructional	352,936	29,005	304,478		(19,453)
Sixteenth section					0
Interest on long-term liabilities	87,656				(87,656)
Total Governmental Activities	\$ 4,832,111	54,577	1,236,560	0	(3,540,974)
			General		
			Taxes:		
			General purpose levies		532,241
			Debt purpose levies		156,941
			Unrestricted grants and contributions:		
			State		2,734,204
			Federal		445,103
			Unrestricted investment earnings		18,942
			Sixteenth section sources		10,649
			Other		7,618
			Total General Revenues		3,905,698
			Change in Net Assets		364,724
			Net Assets - Beginning		219,634
			Prior Period Adjustments		11,232
			Net Assets - Beginning - Restated		230,866
			Net Assets - Ending	\$	595,590

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

DURANT PUBLIC SCHOOL DISTRICT
 Balance Sheet - Governmental Funds
 June 30, 2007

Exhibit C

	<u>Major Funds</u>			Other Governmental Funds	Total Governmental Funds
	<u>General Fund</u>	<u>Title I Fund</u>	<u>Debt Service Fund</u>		
ASSETS					
Cash and cash equivalents	\$ 1,020,115	11,317	58,953	156,473	1,246,858
Investments				10,000	10,000
Due from other governments	29,650		1,280	24,133	55,063
Due from other funds	26,182			5,682	31,864
Inventories				4,897	4,897
Total Assets	\$ 1,075,947	11,317	60,233	201,185	1,348,682
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 16,547			343	16,890
Due to other funds			10,000	21,864	31,864
Unearned revenue		11,317		5,520	16,837
Total Liabilities	16,547	11,317	10,000	27,727	65,591
Fund Balances:					
Reserved for:					
Inventory				4,897	4,897
Debt service			50,233	21,784	72,017
Unemployment benefits				10,182	10,182
Unreserved:					
Undesignated, reported in:					
General Fund	1,059,400				1,059,400
Special Revenue Funds				136,595	136,595
Total Fund Balances	1,059,400	0	50,233	173,458	1,283,091
Total Liabilities and Fund Balances	\$ 1,075,947	11,317	60,233	201,185	1,348,682

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

DURANT PUBLIC SCHOOL DISTRICT
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
 June 30, 2007

Exhibit C-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 1,283,091
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 \$887,621.	1,416,651
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(2,080,610)
3. Governmental funds recognize interest on long-term debt when it becomes due, however the Statement of Net Assets recognizes interest as it accrues.	<u>(23,542)</u>
Total Net Assets - Governmental Activities	<u>\$ 595,590</u>

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

DURANT PUBLIC SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

Exhibit D

	<u>Major Funds</u>			Other Governmental Funds	Total Governmental Funds
	General Fund	Title I Fund	Debt Service Fund		
Revenues:					
Local sources	\$ 578,525	213	121,229	67,854	767,821
Intermediate sources	2,500				2,500
State sources	2,735,966			28,930	2,764,896
Federal sources	445,143	344,539		861,287	1,650,969
Sixteenth section sources				10,649	10,649
Total Revenues	<u>3,762,134</u>	<u>344,752</u>	<u>121,229</u>	<u>968,720</u>	<u>5,196,835</u>
Expenditures:					
Instruction	1,956,190	124,293		263,815	2,344,298
Support services	1,669,868	239,331	31	296,152	2,205,382
Noninstructional services	30,994	128		318,007	349,129
Facilities acquisition and/or construction	2,990				2,990
Debt service:					
Principal	55,000		45,000	40,668	140,668
Interest	44,064		47,895	1,970	93,929
Total Expenditures	<u>3,759,106</u>	<u>363,752</u>	<u>92,926</u>	<u>920,612</u>	<u>5,136,396</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,028</u>	<u>(19,000)</u>	<u>28,303</u>	<u>48,108</u>	<u>60,439</u>
Other Financing Sources (Uses):					
Operating transfers in	10,649	19,000		3,019	32,668
Operating transfers out	(1,643)			(31,025)	(32,668)
Total Other Financing Sources (Uses)	<u>9,006</u>	<u>19,000</u>		<u>(28,006)</u>	
Net Change in Fund Balances	<u>12,034</u>	<u>0</u>	<u>28,303</u>	<u>20,102</u>	<u>60,439</u>
Fund Balances:					
July 1, 2006	1,047,366		21,930	154,030	1,223,326
Decrease in reserve for inventory				(674)	(674)
June 30, 2007	<u>\$ 1,059,400</u>	<u>0</u>	<u>50,233</u>	<u>173,458</u>	<u>1,283,091</u>

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

DURANT PUBLIC 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>
Net Change in Fund Balances - Governmental Funds	\$ 60,439
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 purchased amounted to \$265,248 and the depreciation expense amounted to \$108,838.	156,410
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.	140,668
3. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.	6,273
4. Decrease in the inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are decreased in the Statement of Activities.	(674)
5. 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	<u>1,608</u>
Change in Net Assets of Governmental Activities	<u>\$ 364,724</u>

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

DURANT PUBLIC SCHOOL DISTRICT
Statement of Fiduciary Assets and Liabilities
June 30, 2007

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ <u>221,488</u>
Total Assets	\$ <u><u>221,488</u></u>
Liabilities	
Accounts payable and accrued liabilities	\$ 198,633
Due to student clubs	<u>22,855</u>
Total Liabilities	\$ <u><u>221,488</u></u>

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

DURANT PUBLIC SCHOOL DISTRICT

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

(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 an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Durant since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

B. Basis of Presentation.

The school district's basic financial statements 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.

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.

DURANT PUBLIC SCHOOL DISTRICT

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

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.

Title I Fund - This is a special revenue fund that accounts for the current year proceeds of the Title I grant.

Debt Service Fund - This is a debt service fund that accounts for the current year payment of principal and interest on the long-term debt.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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.

DURANT PUBLIC SCHOOL DISTRICT

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

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting* as issued in 2005 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2003* issued by the U.S. Department of Education.

E. Encumbrances.

An encumbrance system is 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 original 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.

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.

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

I. Capital Assets.

Capital 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.

DURANT PUBLIC SCHOOL DISTRICT

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

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

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

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

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

J. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, warrants, notes, or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-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.

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.

DURANT PUBLIC SCHOOL DISTRICT

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

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved classified as designated and undesignated.

Fund reserves are portions of fund equity that are legally segregated for a specific future use or are not available for current operations. Following is a description of fund reserves used by the district:

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

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

Reserved for unemployment benefits - An account that represents a portion of the fund balance that is legally restricted for the payment of unemployment benefits.

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

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.

DURANT PUBLIC SCHOOL DISTRICT

Notes to 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 and Investments.

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school district's 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.

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest surplus funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government or enumerated agency of the United States; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or interest in, and open-end or closed-end any management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration. Investment income on bond funds (Capital Projects Funds), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Amounts less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$1,256,858 (which includes \$10,000 in a certificate of deposit with an original maturity beyond three months and reported on Exhibit C as investments) and \$221,488 respectively. The carrying amount of deposits reported in the government-wide financial statements was: cash, cash equivalents, and investments totaling \$1,256,858 (which includes \$10,000 in a certificate of deposit with an original maturity beyond three months and reported on Exhibit A as investments.) The bank balance was \$1,694,006.

DURANT PUBLIC SCHOOL DISTRICT

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

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 \$1,694,006 was exposed to custodial credit risk.

Investments.

As of June 30, 2007, the district had the following investments.

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Rating</u>
Certificate of deposit	1 to 5	\$ <u>10,000</u>	Not rated
Total Investments		\$ <u><u>10,000</u></u>	

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The district does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2007, the district did not have any investments to which this would apply.

(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	\$ 26,182	
Debt Service Fund		10,000
Other governmental funds	<u>5,682</u>	<u>21,864</u>
Total	\$ <u><u>31,864</u></u>	<u><u>31,864</u></u>

The interfund transactions are the result of normal year end closing of reimbursable federal programs.

DURANT PUBLIC SCHOOL DISTRICT

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

B. Transfers In/Out.

	<u>Transfer In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 10,649	1,643
Title I Fund	19,000	
Other governmental funds	3,019	31,025
Total	<u>\$ 32,668</u>	<u>32,668</u>

Transfers Out presented in the General Fund are for normal year end closing of reimbursable federal programs in the non-major funds. The Title I Fund transfer from Other Governmental Funds was to correct funds previously requested from an incorrect fund through school payment system.

(4) Capital Assets.

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

	Balance 7-1-2006	Additions	Retirements	Completed Construction	Adjustments*	Balance 6-30-2007
<u>Non-depreciable capital assets:</u>						
Land	\$ 35,900	2,990				38,890
Total non-depreciable capital assets	<u>35,900</u>	<u>2,990</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>38,890</u>
<u>Depreciable capital assets:</u>						
Buildings	1,169,883					1,169,883
Building improvements	609,942					609,942
Improvements other than buildings	28,748					28,748
Mobile equipment	83,853					83,853
Furniture and equipment	88,542	262,258				350,800
Leased property under capital leases	22,156					22,156
Total depreciable capital assets	<u>2,003,124</u>	<u>262,258</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,265,382</u>
<u>Less accumulated depreciation for:</u>						
Buildings	542,294	20,434				562,728
Building improvements	68,802	24,398			4,391	97,591
Improvements other than buildings	20,490	1,150			(4,391)	17,249
Mobile equipment	57,147	4,218			(2,770)	58,595
Furniture and equipment	91,881	55,505			(8,462)	138,924
Leased property under capital leases	9,401	3,133				12,534
Total accumulated depreciation	<u>790,015</u>	<u>108,838</u>	<u>0</u>	<u>0</u>	<u>(11,232)</u>	<u>887,621</u>
Total depreciable capital assets, net	<u>1,213,109</u>	<u>153,420</u>	<u>0</u>	<u>0</u>	<u>11,232</u>	<u>1,377,761</u>
Governmental activities capital assets, net	<u>\$ 1,249,009</u>	<u>156,410</u>	<u>0</u>	<u>0</u>	<u>11,232</u>	<u>1,416,651</u>

*Adjustments are the result of prior year accumulated depreciation that was not calculated correctly.

DURANT PUBLIC SCHOOL DISTRICT

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

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$ 32,403
Support services	73,302
Non-instructional	<u>3,133</u>
 Total Depreciation Expense	 \$ <u><u>108,838</u></u>

(5) Long-term Liabilities.

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

	Balance 7-1-2006	Additions	Reductions	Adjustments	Balance 6-30-2007	Amounts due within one year
A. General obligation bonds payable	\$ 1,180,000		45,000		1,135,000	50,000
B. Limited obligation bonds payable	970,000		55,000		915,000	60,000
C. Shortfall notes payable	35,000		35,000		0	
D. Obligations under capital leases	23,976		5,668		18,308	5,880
E. Compensated absences payable	<u>13,910</u>		<u>1,608</u>		<u>12,302</u>	<u>616</u>
Total	\$ <u><u>2,222,886</u></u>	<u>0</u>	<u>142,276</u>	<u>0</u>	<u>2,080,610</u>	<u>116,496</u>

A. General obligation bonds payable.

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

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General obligation bonds, Series 2002	3.5 to 5.0%	11-1-2002	11-1-2022	\$ <u>1,300,000</u>	<u>1,135,000</u>
Total				\$ <u><u>1,300,000</u></u>	<u><u>1,135,000</u></u>

DURANT PUBLIC SCHOOL DISTRICT

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

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

	Year Ending June 30	Principal	Interest	Total
2008	\$	50,000	45,520	95,520
2009		55,000	42,895	97,895
2010		55,000	40,420	95,420
2011		55,000	38,357	93,357
2012		60,000	36,345	96,345
2013 - 2017		335,000	145,944	480,944
2018 - 2022		430,000	69,161	499,161
2023 - 2027		95,000	2,138	97,138
Total	\$	<u>1,135,000</u>	<u>420,780</u>	<u>1,555,780</u>

The amount of bonded indebtedness that can be incurred by the school district is limited by state statute. Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in state statutes, have been met. As of June 30, 2007, the amount of outstanding bonded indebtedness was equal to 9% of property assessments as of October 1, 2006. This debt will be retired from the Debt Service Fund.

B. Limited obligation bonds payable.

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement	4.3 to 5.0 %	08-1-1998	02-1-2018	\$ <u>1,240,000</u>	<u>915,000</u>
Total				\$ <u>1,240,000</u>	<u>915,000</u>

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

	Year Ending June 30	Principal	Interest	Total
2008	\$	60,000	41,605	101,605
2009		60,000	39,002	99,002
2010		65,000	36,260	101,260
2011		65,000	33,367	98,367
2012		70,000	30,295	100,295
2013 - 2017		400,000	98,705	498,705
2018 - 2022		195,000	7,328	202,328
Total	\$	<u>915,000</u>	<u>286,562</u>	<u>1,201,562</u>

DURANT PUBLIC SCHOOL DISTRICT

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

The state aid capital improvement bonds are secured by an irrevocable pledge of certain revenues the district receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972). The state aid capital improvement bonds are not included in the computation of the debt limit percentage. Although the current year's payments were made from the General Fund, the future debt payments will be retired from the Debt Service Fund.

C. Shortfall notes payable.

The 2004 ad valorem shortfall note payable was retired during the current fiscal year.

D. Obligations under capital leases.

The school district has entered into a lease agreement that qualifies as a capital lease for accounting purposes.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Cafeteria equipment	4.0%	06-03-2003	03-10-2010	\$ 40,000	18,308
Total				\$ 40,000	18,308

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

1. The district may prepay the lease obligation.
2. The district may exercise the purchase option at the end of the lease term.

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

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2008	\$ 5,880	624	6,504
2009	6,100	404	6,504
2010	6,328	176	6,504
Total	\$ 18,308	1,204	19,512

This debt will be retired from the School Food Service Fund.

E. 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.

DURANT PUBLIC SCHOOL DISTRICT

Notes to 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 employer 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 \$270,556, \$239,209 and \$216,179, respectively, which equaled the required contributions for each year.

(7) Other Commitments.

Operating leases:

The school district has an operating lease for copiers.

Lease expenditures for the year ended June 30, 2007, amounted to \$10,866. Future lease payments for this lease are as follows:

Year Ending June 30	Amount
2008	\$ 12,216
2009	12,216
2010	12,216
2011	12,216
2012	6,108
Total	\$ <u>54,972</u>

(8) Prior Period Adjustments/Exhibits.

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation(s)</u>	<u>Amount</u>
1. Correcting prior year accumulated depreciation	\$ <u>11,232</u>
Total	\$ <u><u>11,232</u></u>

DURANT PUBLIC SCHOOL DISTRICT

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

(9) Risk Management.

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

Participation in Public Entity Risk Pool.

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 121 school districts and one community college and covers risks of loss arising from injuries to the member'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 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.

DURANT PUBLIC SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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DURANT PUBLIC 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
Revenues:					
Local sources	\$ 586,250	706,251	578,525	120,001	(127,726)
Intermediate sources		2,500	2,500	2,500	
State sources	2,767,323	2,735,966	2,735,966	(31,357)	
Federal sources		445,144	445,143	445,144	(1)
Total Revenues	3,353,573	3,889,861	3,762,134	536,288	(127,727)
Expenditures:					
Instruction	2,058,593	1,977,233	1,956,190	81,360	21,043
Support services	1,295,253	1,787,678	1,669,868	(492,425)	117,810
Noninstructional services		4,465	30,994	(4,465)	(26,529)
Facilities acquisition and construction		30,000	2,990	(30,000)	27,010
Debt service:					
Principal	55,000	55,000	55,000		
Interest	44,064	44,064	44,064		
Total Expenditures	3,452,910	3,898,440	3,759,106	(445,530)	139,334
Excess (Deficiency) of Revenues over Expenditures	(99,337)	(8,579)	3,028	90,758	11,607
Other Financing Sources (Uses):					
Operating transfers in	466,815	349,458	10,649	(117,357)	(338,809)
Operating transfers out	(456,089)	(340,879)	(1,643)	115,210	339,236
Other financing uses	(500)			500	
Total Other Financing Sources (Uses)	10,226	8,579	9,006	(1,647)	427
Net Change in Fund Balances	(89,111)		12,034	89,111	12,034
Fund Balances:					
July 1, 2006	797,681	1,047,366	1,047,366	249,685	
June 30, 2007	\$ 708,570	1,047,366	1,059,400	338,796	12,034

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

DURANT PUBLIC SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Title I Fund
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$	213	213	213	0
Federal sources		346,611	344,539	22,164	(24,236)
Total Revenues		<u>346,611</u>	<u>344,752</u>	<u>22,377</u>	<u>(24,236)</u>
Expenditures:					
Instruction		164,920	124,293	27,266	13,361
Support services		180,771	239,331	(68,563)	10,003
Noninstructional services		2,500	128	1,500	872
Total Expenditures		<u>348,191</u>	<u>363,752</u>	<u>(39,797)</u>	<u>24,236</u>
Excess (Deficiency) of Revenues over Expenditures		<u>(1,580)</u>	<u>(19,000)</u>	<u>(17,420)</u>	
Other Financing Sources (Uses):					
Operating transfers in		19,000	19,000	19,000	
Total Other Financing Sources (Uses)		<u>19,000</u>	<u>19,000</u>	<u>19,000</u>	
Net Change in Fund Balances		<u>(1,580)</u>		<u>1,580</u>	
Fund Balances:					
July 1, 2006					
June 30, 2007	\$	<u>(1,580)</u>	<u>0</u>	<u>1,580</u>	<u>0</u>

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

DURANT PUBLIC SCHOOL DISTRICT

Notes to the Required Supplementary Information
For the Year Ended June 30, 2007

Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison is presented for the General Fund and each major Special Revenue Fund consistent with accounting principles generally accepted in the United States of America.

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DURANT PUBLIC SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

DURANT PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended 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	\$ 20,135
Child nutrition cluster:		
School breakfast program	10.553	66,899
National school lunch program	10.555	193,848
Summer food service program for children	10.559	11,012
Total child nutrition cluster		<u>271,759</u>
Total U.S. Department of Agriculture		<u>291,894</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.XXX	437,792
Total Federal Communications Commission		<u>437,792</u>
<u>U.S. Department of Education</u>		
Passed-through Institutions of Higher Learning:		
Gaining early awareness and readiness in undergraduate programs	84.334	6,617
Total passed-through Institutions of Higher Learning		<u>6,617</u>
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	344,539
Safe and drug-free schools and communities - state grants	84.186	2,361
Eisenhower professional development state grants	84.281	34,924
Education technology state grants	84.318	38,470
Transition to teaching	84.350	40
Reading first state grants	84.357	260,012
Rural education	84.358	14,872
Improving teacher quality state grants	84.367	48,103
Grants for state assessments and related activities	84.369	3,198
Total		<u>746,519</u>
Special education cluster:		
Special education - grants to states	84.027	143,298
Special education - preschool grants	84.173	7,709
Total special education cluster		<u>151,007</u>
Total passed-through Mississippi Department of Education		<u>897,526</u>
Total U.S. Department of Education		<u>904,143</u>

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Education:		
Medical assistance program	93.778	7,311
Total		<u>7,311</u>
Total U.S. Department of Health and Human Services		<u>7,311</u>
Total for All Federal Awards		\$ <u><u>1,641,140</u></u>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.

DURANT PUBLIC SCHOOL DISTRICT
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2007

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 3,245,322	2,664,932	206,146	123,327	250,917
Other	<u>1,891,074</u>	<u>927,049</u>	<u>170,491</u>	<u>12,946</u>	<u>780,588</u>
Total	\$ <u>5,136,396</u>	<u>3,591,981</u>	<u>376,637</u>	<u>136,273</u>	<u>1,031,505</u>
Total number of students*	<u>542</u>				
Cost per student	\$ <u>9,477</u>	<u>6,627</u>	<u>695</u>	<u>252</u>	<u>1,903</u>

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

Instruction and Other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type. (all the 1000, 2100, & 2200 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 submission for month 9, which is the final submission for the fiscal year.

DURANT PUBLIC SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
STATE AUDITOR

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

Superintendent and School Board
Durant Public School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Durant Public School District as of and for the year ended June 30, 2007, which collectively comprise Durant Public School District's basic financial statements and have issued our report thereon dated February 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in 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 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 Findings and Questioned Costs as Findings 07-1 and 07-2 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.

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

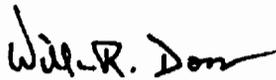
As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that we have reported to management of the school district in a separate letter dated February 25, 2009, which is included in this report.

Durant Public 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 Durant Public School District's response and, accordingly, we express no opinion on it.

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



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

February 25, 2009



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
STATE AUDITOR

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

Superintendent and School Board
Durant Public School District

Compliance

We have audited the compliance of the Durant Public 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 accompanying 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, Durant Public 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.

Internal Control Over Compliance

The management of the Durant Public 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 the 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.

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 a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program 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.

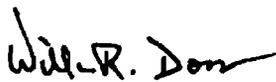
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

February 25, 2009

DURANT PUBLIC SCHOOL DISTRICT

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

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
STATE AUDITOR

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

Superintendent and School Board
Durant Public School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Durant Public School District as of and for the year ended June 30, 2007, which collectively comprise Durant Public School District's basic financial statements and have issued our report thereon dated February 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$1,589 of classroom supply funds carried over from previous years.

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

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

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

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

1. All Purchases Should Be Properly Approved by the School Board and Recorded in Board Minutes

Finding

For the time period July 1, 2006 through March 19, 2007, Section 31-7-13, Miss. Code Ann. (1972), required that all purchases in excess of \$3,500 but not over \$15,000 have two competitive written bids, have board approval and be recorded in the official minutes of the governing authority. The purchase of items from a sole source vendor also requires board approval and the purchase must be recorded in the official minutes of the governing authority.

During our tests regarding purchases with total prices between \$3,501 and \$15,000, we noted three purchases which were not board approved in the board minutes. In two instances, the district obtained the required two written bids for furniture and equipment but failed to have the purchases board approved and recorded in the minutes. The district also made a sole source purchase for assessment/intervention reading materials in the amount of \$3,721 but failed to have the proper sole source documentation approved and recorded in the board minutes.

Inadequate controls over adherence to state purchasing laws resulted in this noncompliance.

Purchases made without the proper bids and sole source documentation being approved and recorded in the school board minutes could result in the district not efficiently managing public funds.

Recommendation

The district should implement internal controls to require all purchases requiring bids and sole source documentation be board approved and recorded as such in the board minutes as required by Section 31-7-13, Miss. Code Ann. (1972). We also recommend that the district obtain sufficient documentation and approval to support all disbursements prior to the expenditures for the services.

School District's Response

The Business Officer must ensure that all State Purchasing Laws are adhered to. The Superintendent will ensure that the District will implement internal controls to require all purchases requiring bids and sole source documentation is board approved and recorded as such in the board minutes as required by Section 31-7-13, Miss. Code Ann. (1972). The District will obtain sufficient documentation and approval to support all disbursements prior to the expenditures for the service.

2. Employees Should Not Be Paid Retroactively

Finding

Section 96 of the Mississippi Constitution of 1890 disallows retroactive pay except due to an administrative error.

During our tests of payroll expenditures, we noted that one employee received retroactive pay for services performed prior to the employee's revised contract. As a result, the employee was overpaid \$3,569, which consists of \$3,000 plus \$569 in fringe benefits.

A lack of knowledge concerning the constitutional prohibition was the cause of the overpayment.

Recommendation

We recommend that controls be strengthened to ensure that amounts paid are not retroactive. The overpayment of \$3,569 should be remitted by the school board or other responsible parties to the General Fund of the school district.

School District's Response

The Business Manager refuses to repay the funds either in whole or via payments and apparently wants the matter to go against her bond.

The Mississippi Office of the State Auditor has taken exception to certain costs. The details of the exception and disposition are as follows:

Exception Issued On:

Sharon Garvis, Business Manager

Nature of Exception:

See State Legal Compliance Finding #2 described in this report

Amount of Exception:

\$3,569

Disposition of Exception:

This matter has been turned over to the Investigative Division of the Office of the State Auditor for recovery.

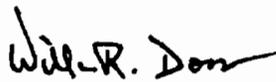
The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the findings in this report to insure that corrective action has been taken.

The Durant Public School District's responses to the findings included in this report were not audited and, accordingly, we express no opinion on them.

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.



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

February 25, 2009

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DURANT PUBLIC SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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DURANT PUBLIC 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 weakness(es) identified? | No |
| b. | Significant deficiency(ies) 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(es) identified? | No |
| b. | Significant deficiency(ies) identified that are not considered to be material weaknesses? | None Reported |
| 6. | Any audit finding(s) reported as required by Section ____,510(a) of Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| a. | Child nutrition cluster
CFDA # 10.553
CFDA # 10.555
CFDA # 10.559 | |
| b. | Title I grants to local educational agencies
CFDA # 84.010 | |
| c. | The schools and libraries program of the universal service fund
CFDA # 32.XXX | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____,315(b) of OMB Circular A-133? | No |

Section 2: Financial Statement Findings

Significant Deficiencies Not Considered to Be Material Weaknesses

07-1. Payroll Expenditures Should Be Supported by Adequate Documentation

Finding

Management is responsible for ensuring that all payroll expenditures made by the district are adequately documented.

During our tests of payroll expenditures, we noted that the supporting documentation (i.e., time sheets) for nonexempt employees was not used to calculate the amount of salary an employee had earned.

As a result of improper internal controls for payroll expenditures, payments to nonexempt personnel were processed without adequate documentation.

Payment of wages without adequate records could result in employees being improperly compensated.

Recommendation

We recommend the district maintain adequate records for all nonexempt personnel to support payroll expenditures.

07-2 Controls Related to the Capital Assets Should Be Strengthened

Finding

Management is responsible for establishing a proper internal control system to ensure strong financial accountability and safeguarding of assets. An important aspect of effective internal controls over capital assets owned by the district is the control activity of the timely update of capital asset records to the subsidiary ledger.

During our expenditure testing, five purchases of assets totaling \$150,820, including land of \$2,990 and equipment of \$147,830, were not recorded to the capital assets ledger. Audit adjustments were proposed to management and made to record the assets.

Misstatements on capital assets were caused by failure to reconcile purchases of assets with additions to the capital asset records on a monthly basis.

Improper recording of capital assets affects related depreciation under the requirements of the Governmental Accounting Standards Board Statement #34. These weaknesses, if not corrected, could cause the financial statements to be misstated.

Recommendation

The district should strengthen internal control procedures with regards to the purchase and proper recording of capital assets by reconciling purchases monthly to the current month's capital asset additions listing. Further, depreciation should be recorded on assets purchased.

Section 3: Federal Award Findings and Questioned Costs

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

DURANT PUBLIC SCHOOL DISTRICT

AUDITEE'S CORRECTIVE ACTION PLAN

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Durant Public School District
Developing Performing Succeeding

Glenn Carlisle, Superintendent

March 13, 2009

Board of Trustees:

Thomas Land, President
Louise Winters, Vice President
Tasha Davis, Secretary
Rena Pritchard
Doris Young
Ben Piazza, Board Attorney

William R. Doss, CPA, Director
Financial and Compliance Audits
Office of the State Auditor
Jackson, MS 39205

Dear Mr. Doss:

As required by Section 315© of OMB Circular A-133, the Durant Public School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2007.

Section: Financial Statement Findings

Finding

Corrective Action Plan Details

- 07-1. a. Name(s) of contact person(s) Responsible for Corrective Action:
Business Officer – TBA – 662-653-3175
Glenn Carlisle – Superintendent – 662-653-3175
- b. Corrective Action Planned
An additional level of monitoring will be added to Time sheets review to ensure that employees will be properly compensated. The District is exploring the option of computer based time records. Employees will be monitored on a more regular basis to ensure that employees sign in and out properly.
- c. Anticipated Completion Date
1. Additional level of monitoring to be initiated immediately
2. Implementation of computer based time record for FY 2009-2010
- 07-2. a. Name(s) of contact person(s) Responsible for Corrective Action:
Business Officer – TBA – 662-653-3175
Glenn Carlisle – Superintendent – 662-653-3175

“Failure is not an Option”

- b. Corrective Action Planned
The district will review and strengthen our procedures to include proper recording of capital assets by reconciling purchases monthly to the current month's capital asset additions listing. Depreciation will be recorded on assets purchased.
- c. Anticipated Completion Date
Immediately

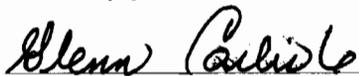
Findings for “Independent Auditor’s Report on Compliance with State Laws and Regulations

Finding

Corrective Action Plan Details

- 1.
 - a. Name(s) of contact person(s) Responsible for Corrective Action:
Business Officer – TBA – 662-653-3175
Glenn Carlisle – Superintendent – 662-653-3175
 - b. Corrective Action Planned
The Business Officer must ensure that all State Purchasing Laws are adhered to. The Superintendent will ensure that the District will implement internal controls to require all purchases requiring bids and sole source documentation is board approved and recorded as such in the board minutes as required by Section 31-7-13, Miss. Code Ann. (1972). The District will obtain sufficient documentation and approval to support all disbursements prior to the expenditures for the service.
 - c. Anticipated Completed Date
Immediately
- 2.
 - a. Name(s) of contact person(s) Responsible for Corrective Action:
Business Officer – TBA – 662-653-3175
Glenn Carlisle – Superintendent – 662-653-3175
 - b. Corrective Action Planned
Employees will not receive retroactive pay.
 - d. District’s Response
The Business Manager refuses to repay the funds either in whole or via payments and apparently wants the matter to go against her bond.

Sincerely yours,



Glenn Carlisle, Superintendent
Durant Public School District