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JEFFERSON DAVIS COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2007

Charles L. Shivers, CPA
Ridgeland, MS

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FINANCIAL AUDIT REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Jefferson Davis County School District

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson Davis County School District as of and for the year ended June 30, 2007, which collectively comprise the Jefferson Davis County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Jefferson Davis County School District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my 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 Jefferson Davis County School District as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 20, 2008, on my consideration of the Jefferson Davis County School District's internal control over financial reporting and on my 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 my 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 my audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule and related notes are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I 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, I did not audit the information and express no opinion on it.

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



Ridgeland, MS
November 20, 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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JEFFERSON DAVIS COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

The discussion and analysis of the Jefferson Davis County School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the 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.

FINANCIAL HIGHLIGHTS

- Total net assets, including the effect of prior period adjustments, increased \$1,649,932, which represents a 2.7% decrease from fiscal year 2006. This increase in net assets is primarily due to the following: 1) insurance loss recoveries in the amount of \$301,646 resulting from damages caused by Hurricane Katrina, and 2) sixteenth section sources in the amount of \$2,200,215 generated primarily from oil and gas royalties, the sale of timber, sixteenth section leases and earnings on sixteenth section investments.
- General revenues accounted for \$15,352,182 in revenue, or 79% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,098,742, or 21% of total revenues.
- The District had \$17,774,115 in expenses; only \$4,098,742 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$15,352,182 were adequate to provide for these programs.
- Among major funds, the General Fund had \$11,955,489 in revenues and \$12,521,157 in expenditures. After net other financing sources of \$1,273,036, the net change in fund balance for the General Fund, excluding the effect of prior period adjustments, was an increase of \$707,368 from the previous fiscal year. This increase is a result of insurance loss recoveries resulting from damages caused by Hurricane Katrina and the transfer of funds from Sixteenth Section Interest Funds.
- Capital assets, net of accumulated depreciation, decreased by \$256,263.
- Long-term debt decreased by \$318,730.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

JEFFERSON DAVIS COUNTY 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 balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

Notes to the financial statements. The notes provide additional information that is essential to 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.

Additionally, a schedule of expenditures of federal awards is required by OMB Cir. A-133 and a schedule of instructional, administrative and other expenditures for governmental funds is also included in this report.

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 \$15,849,721 as of June 30, 2007.

The district's net assets are comprised of 1) net assets invested in capital assets, net of related debt, 2) restricted net assets and 3) unrestricted net assets. \$3,166,579 of the District's net assets reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending. \$13,006,279 of the District's net assets reflects its restricted net assets. A portion of the restricted net assets is expendable for school based activities, debt service, capital improvements, forestry improvements and unemployment benefits. The remaining portion of the restricted net assets is nonexpendable for 16th section investment purposes. The District has a deficit balance in unrestricted net assets of \$323,137. This deficit is primarily a result of the deficiency of revenues over expenditures in prior fiscal years.

JEFFERSON DAVIS COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED 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.

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2007 and comparative data for the fiscal year ended June 30, 2006.

	Net Assets		Percentage Change
	June 30, 2007	June 30, 2006	
Current assets	\$ 3,022,596	\$ 2,439,036	23.9 %
Restricted assets	10,413,091	9,567,206	8.8 %
Capital assets, net	<u>7,456,579</u>	<u>7,712,842</u>	(3.3) %
Total assets	<u>20,892,266</u>	<u>19,719,084</u>	5.9 %
Current liabilities	428,668	586,688	(26.9) %
Long-term debt outstanding	<u>4,613,877</u>	<u>4,932,607</u>	(6.5) %
Total liabilities	<u>5,042,545</u>	<u>5,519,295</u>	(8.6) %
Net assets:			
Invested in capital assets, net of related debt	3,166,579	3,152,842	0.4 %
Restricted	13,006,279	12,380,257	5.1 %
Unrestricted	<u>(323,137)</u>	<u>(1,333,310)</u>	75.8 %
Total net assets	<u>\$ 15,849,721</u>	<u>14,199,789</u>	11.6 %

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

- Current assets increased from the previous fiscal year due primarily to an increase in cash and cash equivalents.
- Other assets increased from the previous fiscal year due primarily to an increase in cash and cash equivalents, cash with fiscal agent and investments in the Sixteenth Section Principal Funds and the MAEP Debt Service Fund.
- Capital assets decreased from the previous fiscal year due primarily to the current year depreciation of capital assets.
- Current liabilities decreased from the previous fiscal year due primarily to a decrease in deferred (unearned) revenue.
- Long-term debt outstanding decreased from the previous fiscal year due primarily to principal payments made during the fiscal year.
- Net assets invested in capital assets, net of related debt, increased from the previous fiscal year due primarily to the reduction of long-term debt related to the capital assets.
- Restricted net assets increased from the previous fiscal year due primarily to an increase in amounts restricted for sixteenth section purposes.
- Unrestricted net assets increased from the previous fiscal year due primarily to an increase in the fund balance of the General Fund.

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2007 were \$19,450,924. The total cost of all programs and services was \$17,774,115. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2007 and comparative data for the fiscal year ended June 30, 2006.

	Change in Net Assets		Percentage Change
	June 30, 2007	June 30, 2006	
Revenues:			
Program revenues:			
Charges for services	\$ 358,560	\$ 366,159	(2.1) %

JEFFERSON DAVIS COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

Operating grants and contributions	3,740,182	4,768,533	(21.6) %
General revenues:			
Property taxes	2,144,488	2,168,540	(1.1) %
Grants and contributions not restricted	10,681,501	10,854,652	(1.6) %
Other	<u>2,526,193</u>	<u>2,459,997</u>	2.7 %
Total revenues	<u>19,450,924</u>	<u>20,617,881</u>	(5.7) %
Expenses:			
Instruction	9,815,222	10,141,413	(3.2) %
Support services	5,995,668	6,754,929	(11.2) %
Non-instructional	1,090,235	1,286,827	(15.3) %
Sixteenth section	543,374	379,653	43.1 %
Interest and other expenses on long-term liabilities	<u>329,616</u>	<u>331,453</u>	(0.5) %
Total expenses	<u>17,774,115</u>	<u>18,894,275</u>	(6.2) %
Increase (Decrease) in net assets	1,676,809	1,723,606	(2.7) %
Net Assets, July 1	14,199,789	12,476,221	13.8 %
Prior Period Adjustments	<u>(26,877)</u>	<u>(38)</u>	
Net Assets, Restated, July 1	<u>14,172,912</u>	<u>12,476,183</u>	13.6 %
Net Assets, June 30	<u>\$15,849,721</u>	<u>\$ 14,199,789</u>	11.6 %

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

- Program revenues decreased from the previous fiscal year due primarily to a decrease in operating grants and contributions. In the previous fiscal year, the District received federal funds related to the Displaced Student Grants and Restart School Grant resulting from Hurricane Katrina.
- Support services expenses decreased from the previous fiscal year. In the previous fiscal year, the District incurred expenditures related to the purchase of new school buses and repair and maintenance expenditures resulting from damages caused by Hurricane Katrina.

Governmental activities. The following table presents, for the fiscal year ended June 30, 2007 and comparative data for the fiscal year ended June 30, 2006, the cost of five major District functional activities: instruction, support services, non-instructional, sixteenth section and interest and other expenses on long-term debt. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

	<u>2007</u>		<u>2006</u>	
	Total Expenses	Net (Expense) Revenue	Total Expenses	Net (Expense) Revenue
Instruction	\$ 9,815,222	\$ (7,801,634)	\$ 10,141,413	\$ (7,481,174)
Support services	5,955,668	(5,215,488)	6,754,929	(5,537,672)
Non-instructional	1,090,235	128,610	1,286,827	(39,324)
Sixteenth section	543,374	(457,245)	379,653	(369,960)
Interest and other expenses on long-term liabilities	<u>329,616</u>	<u>(329,616)</u>	<u>331,453</u>	<u>(331,453)</u>
Total expenses	<u>\$ 17,774,115</u>	<u>\$ (13,675,373)</u>	<u>\$ 18,894,275</u>	<u>\$ (13,759,583)</u>

- The net cost of governmental activities for fiscal year 2007 in the amount of \$13,675,373 was financed by general revenue, which is made up of primarily property taxes of \$2,144,488 and state revenue of \$10,272,016.
- Investment earnings accounted for \$646,228 of funding.

JEFFERSON DAVIS COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed fiscal year June 30, 2007, its governmental funds reported a combined fund balance of \$13,076,647. The net change in fund balance for the fiscal year, excluding the effect of prior period adjustments and the increase in the reserve for inventory, was an increase of \$1,597,823 due primarily to sixteenth section sources generated during the fiscal year primarily from oil and gas royalties, the sale of timber, sixteenth section leases and earnings on sixteenth section investments and insurance loss recoveries resulting from damages caused by Hurricane Katrina.

A portion of the fund balance is reported by fund type in the unreserved, undesignated section of the Governmental Funds Balance Sheet. The deficit fund balance of the General Fund in the amount of \$250,232 is included in this portion of the balance sheet. The portion of the fund balance reported in the Special Revenue Funds will be used for school based activities. The portion of the unreserved, undesignated fund balance reported in the Permanent Funds is a result of earnings on sixteenth section investments reported in the Sixteenth Section Principal Funds that were not transferred to the Sixteenth Section Interest Funds but may be transferred in the future. The remaining fund balance is reserved or designated to indicate that it is not available for spending because it has already been committed. This portion of the fund balance is reserved for advances, inventory, unemployment benefits, forestry improvements, capital project purposes, debt service purposes and permanent fund purposes.

The General Fund is the principal operating fund of the District. The General Fund had \$11,955,489 in revenues and \$12,521,157 in expenditures. This resulted in a deficiency of revenues over expenditures in the amount of \$565,668 in the General Fund. After net other financing sources of \$1,273,036, the net change in fund balance for the General Fund, excluding the effects of prior period adjustments, was an increase of \$707,368 from the previous fiscal year. This increase is due primarily to insurance loss recoveries resulting from damages caused by Hurricane Katrina and transfers from Sixteenth Section Interest Funds. The net change in fund balance for the T9 R19 S16 Principal Fund for the fiscal year was an increase of \$404,556 due to sixteenth section sources generated during the fiscal year from oil and gas royalties and earnings on investments. The net change in fund balance for the T5 R19 S16 Principal Fund for the fiscal year was an increase of \$222,474 due to sixteenth section sources generated during the fiscal year from oil and gas royalties and earnings on investments. The net change in fund balance for the 16th Section Principal Non-Share Fund for the fiscal year was an increase of \$261,404 due to sixteenth section sources generated during the fiscal year primarily from oil and gas royalties and earnings on investments. The net change in fund balance for the Other Governmental Funds for the fiscal year, excluding the effects of prior period adjustments and an increase in the reserve for inventory, was an increase of \$2,021.

BUDGETARY HIGHLIGHTS

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

- Budgeted amounts for revenue from local sources in the General Fund were decreased to reflect actual local sources received during the fiscal year. Amounts originally budgeted were overstated.
- Budgeted amounts for revenue from state sources in the General Fund were decreased to more accurately reflect state sources received during the fiscal year. Amounts originally budgeted were overstated.
- Budgeted amounts for revenue from federal sources in the General Fund were increased to reflect E-rate funds that were not included in the original budget.
- Budgeted amounts for instruction expenditures in the General Fund were decreased to more accurately reflect expenditures incurred during the fiscal year. Amounts originally budgeted were overstated.

JEFFERSON DAVIS COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

- The budget was amended to reflect facilities acquisition and construction expenditures related to projects that were not included in the original budget.
- The budget was amended to reflect proceeds of refunding bonds and insurance loss recoveries that were not included in the original budget.
- Budgeted amounts for transfers in the General Fund were decreased to reflect actual transfers during the fiscal year. Amounts originally budgeted were overstated.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2007, the District's total capital assets, before depreciation, were \$12,611,390, including land, buildings, building improvements, improvements other than buildings, mobile equipment and furniture and equipment. This amount represents a gross increase of \$91,640 from the previous year. During the fiscal year, the District completed a treatment plant and purchased various items of equipment. The District also disposed of seven buses, one truck, one car and various items of equipment. Total depreciation expense for the year was \$483,445. Total accumulated depreciation as of June 30, 2007 was \$5,154,811, resulting in total net capital assets of \$7,456,579.

	<u>Capital Assets, Net of Depreciation</u>		<u>Percentage</u>
	<u>2007</u>	<u>2006</u>	<u>Change</u>
Land	\$ 46,600	\$ 46,600	0.0 %
Buildings	5,365,339	5,501,770	(2.5) %
Building improvements	704,287	686,153	2.6 %
Improvements other than buildings	228,241	239,706	(4.8) %
Mobile equipment	664,641	791,794	(16.1) %
Furniture and equipment	447,471	446,819	0.1 %
Total	<u>\$ 7,456,579</u>	<u>\$ 7,712,842</u>	(3.3) %

Debt Administration. At June 30, 2007, the District had \$4,613,877 in limited obligation bonds and other long-term debt outstanding, of which \$280,858 is due within one year. During the fiscal year, the District refunded limited obligation bonds payable and made principal payments on long-term debt in the amount of \$369,110.

	<u>Outstanding Debt</u>		<u>Percentage</u>
	<u>2007</u>	<u>2006</u>	<u>Change</u>
Limited obligation refunding bonds payable	\$ 3,530,000	\$ 3,680,000	(4.1) %
Certificates of participation payable	675,000	715,000	(5.6) %
Three mill notes payable	85,000	165,000	(48.5) %
Energy efficiency lease payable	242,733	281,843	(13.9) %
Compensated absences payable	81,144	90,764	(10.6) %
Total	<u>\$ 4,613,877</u>	<u>\$ 4,932,607</u>	(6.5) %

CURRENT ISSUES

Management of the Jefferson Davis County School District has expressed some concern for the financial future of the District. Some of the most critical concerns are the increase in the employers match to the Public Employee's Retirement System and the increase in fuel cost.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Jefferson Davis County School District, P. O. Box 1197, Prentiss, MS 39474.

BASIC FINANCIAL STATEMENTS

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Jefferson Davis County School District
Statement of Net Assets
June 30, 2007

Exhibit A

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Assets	
Cash and cash equivalents (Note 2)	\$ 2,467,929
Due from other governments	\$ 529,013
Other receivables, net	\$ 176
Inventories and prepaid items	\$ 25,478
Restricted assets (Note 2)	\$ 10,413,091
Non-depreciable capital assets (Note 4)	\$ 46,600
Depreciable capital assets, net (Note 4)	\$ 7,409,979
Total Assets	<u>\$ 20,892,266</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 252,924
Deferred revenue	\$ 106,116
Interest payable on long-term liabilities	\$ 69,628
Long-term liabilities (Due within one year) (Note 5)	
Capital related liabilities	\$ 235,000
Non-capital related liabilities	\$ 45,858
Long-term liabilities (Due beyond one year) (Note 5)	
Capital related liabilities	\$ 4,055,000
Non-capital related liabilities	\$ 278,019
Total Liabilities	<u>\$ 5,042,545</u>
Net assets	
Investment in capital assets (net of related debt)	\$ 3,166,579
Restricted net assets	
Expendable	
School-based activities	\$ 678,170
Debt service	\$ 299,324
Capital improvements	\$ 20,294
Forestry improvements	\$ 121,759
Unemployment benefits	\$ 53,430
Non-expendable	
Sixteenth section	\$ 11,833,302
Unrestricted	<u>\$ (323,137)</u>
Total Net Assets	<u>\$ 15,849,721</u>

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

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Jefferson Davis County School District
Statement of Activities
For the Year Ended June 30, 2007

Exhibit B

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government				
Governmental Activities				
Instruction	\$ 9,815,222	\$ 179,784	\$ 1,833,804	\$ (7,801,634)
Support services	\$ 5,995,668		\$ 780,180	\$ (5,215,488)
Non-instructional	\$ 1,090,235	\$ 92,647	\$ 1,126,198	\$ 128,610
Sixteenth section	\$ 543,374	\$ 86,129		\$ (457,245)
Interest and other expenses on long-term liabilities	\$ 329,616			\$ (329,616)
Total Governmental Activities	\$ 17,774,115	\$ 358,560	\$ 3,740,182	\$ (13,675,373)
General Revenues				
Taxes				
General purpose levies				\$ 2,057,729
Debt purpose levies				\$ 86,759
Unrestricted grants and contributions				
State				\$ 10,272,016
Federal				\$ 409,485
Unrestricted investment earnings				\$ 646,228
Sixteenth section sources				\$ 1,506,829
Other				\$ 373,136
Total General Revenues				\$ 15,352,182
Changes in Net Assets				
Net Assets - Beginning				
Prior Period Adjustments (Note 9)				\$ (26,877)
Net Assets - Beginning - Restated				
Net Assets - Ending				
\$ 15,849,721				

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

Jefferson Davis County School District
Balance Sheet - Governmental Funds
June 30, 2007

Exhibit C

	Major Funds				16th Section Principal Fund Non-Shared	Other Governmental Funds	Total Governmental Funds
	T9 R19 S16 Principal Fund	T5 R19 S16 Principal Fund	T9 R19 S16 Principal Fund	T5 R19 S16 Principal Fund			
Assets							
Cash and cash equivalents (Note 2)	\$ 1,313,816	\$ 1,017,439	\$ 1,174,825	\$ 2,774,361	\$ 1,315,637	\$ 7,596,078	
Cash with fiscal agent (Note 2)			\$ 402,897			\$ 402,897	
Investments (Note 2)	\$ 180,863	\$ 850,000	\$ 4,006,713	\$ 22,169	\$ 3,163	\$ 4,882,045	
Due from other governments					\$ 348,150	\$ 529,013	
Other receivables, net			\$ 176			\$ 176	
Due from other funds (Note 3)	\$ 144,702	\$ 20,170				\$ 164,872	
Advances to other funds (Note 3)		\$ 500,000	\$ 1,154,000			\$ 1,654,000	
Inventories					\$ 25,478	\$ 25,478	
Total Assets	\$ 1,639,381	\$ 2,387,609	\$ 6,738,611	\$ 2,796,530	\$ 1,692,428	\$ 15,254,559	
Liabilities and Fund Balances							
Liabilities							
Accounts payable & accrued liabilities	\$ 235,613				\$ 17,311	\$ 252,924	
Due to other funds (Note 3)					\$ 164,872	\$ 164,872	
Advances from other funds (Note 3)	\$ 1,654,000					\$ 1,654,000	
Deferred revenue					\$ 106,116	\$ 106,116	
Total Liabilities	\$ 1,889,613	\$ -	\$ -	\$ -	\$ 288,299	\$ 2,177,912	
Fund Balances							
Reserved for							
Capital project purposes					\$ 20,294	\$ 20,294	
Debt service purposes					\$ 368,952	\$ 368,952	
Permanent fund purposes		\$ 1,883,493	\$ 5,350,573	\$ 2,785,183	\$ 160,053	\$ 10,179,302	
Unemployment benefits					\$ 53,430	\$ 53,430	
Forestry improvements					\$ 121,759	\$ 121,759	
Advances		\$ 500,000	\$ 1,154,000			\$ 1,654,000	
Inventory							
Ad valorem	\$ 257,095				\$ 25,478	\$ 257,095	

Unreserved									
Undesignated, reported in									
General fund	\$ (507,327)								\$ (507,327)
Special revenue funds						\$ 652,692			\$ 652,692
Permanent funds						\$ 1,471			\$ 250,972
Total Fund Balances	<u>\$ (250,232)</u>	<u>\$ 4,116</u>	<u>\$ 234,038</u>	<u>\$ 11,347</u>	<u>\$ 2,796,530</u>	<u>\$ 1,404,129</u>			<u>\$ 13,076,647</u>
Total Liabilities and Fund Balances	<u>\$ 1,639,381</u>	<u>\$ 2,387,609</u>	<u>\$ 6,738,611</u>	<u>\$ 2,796,530</u>	<u>\$ 1,692,428</u>				<u>\$ 15,254,559</u>

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

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Jefferson Davis County 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	\$ 13,076,647
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets are used in governmental activities and are not financial resources, therefore the assets are not reported in the governmental funds, net of accumulated depreciation of \$5,154,811.	\$ 7,456,579
Long-term liabilities are not due and payable in the current period, therefore the long-term liabilities are not reported in the governmental funds.	\$ (4,613,877)
Accrued interest payable on long-term liabilities is not due and payable in the current period, therefore it is not reported in the governmental funds.	<u>\$ (69,628)</u>
Total net assets - governmental activities	<u>\$ 15,849,721</u>

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

Jefferson Davis County School District
 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 For the Year Ended June 30, 2007

Exhibit D

	Major Funds				Total Governmental Funds
	T9 R19 S16 Principal Fund	T5 R19 S16 Principal Fund	16th Section Principal Fund Non-Shared	Other Governmental Funds	
Revenues					
Local sources	\$ 2,313,116			\$ 214,264	\$ 2,527,380
State sources	\$ 9,138,302			\$ 1,698,077	\$ 10,836,379
Federal sources	\$ 504,071			\$ 3,081,233	\$ 3,585,304
Sixteenth section sources	\$ 518,221	\$ 610,417	\$ 393,426	\$ 678,151	\$ 2,200,215
Total Revenues	\$ 11,955,489	\$ 610,417	\$ 393,426	\$ 5,671,725	\$ 19,149,278
Expenditures					
Instruction	\$ 7,438,191			\$ 2,187,856	\$ 9,626,047
Support services	\$ 4,915,609			\$ 1,012,356	\$ 5,927,965
Noninstructional services	\$ 150			\$ 1,057,846	\$ 1,057,996
Sixteenth section	\$ 58,798	\$ 239,178		\$ 245,398	\$ 543,374
Facilities acquisition and construction	\$ 57,317			\$ -	\$ 57,317
Debt service					
Principal (Note 5)	\$ 39,110			\$ 330,000	\$ 369,110
Interest	\$ 62,209			\$ 210,759	\$ 272,968
Other	\$ 8,571			\$ 26,366	\$ 34,937
Total Expenditures	\$ 12,521,157	\$ 239,178	\$ -	\$ 5,070,581	\$ 17,889,714
Excess (Deficiency) of Revenues Over Expenditures	\$ (565,668)	\$ 371,239	\$ 393,426	\$ 601,144	\$ 1,259,564
Other Financing Sources (Uses)					
Proceeds of refunding bonds (Note 5)				\$ 3,530,000	\$ 3,530,000
Insurances loss recoveries	\$ 301,646			\$ 301,646	\$ 301,646
Sale of transportation equipment	\$ 22,838			\$ 22,838	\$ 22,838
Operating transfers in (Note 3)	\$ 964,546			\$ 254,117	\$ 1,218,663
Operating transfers out (Note 3)	\$ (15,994)	\$ (148,765)	\$ (132,022)	\$ (867,015)	\$ (1,218,663)
Payment to refunded bond escrow agent				\$ (3,505,527)	\$ (3,505,527)
Other financing uses				\$ (10,698)	\$ (10,698)
Total Other Financing Sources (Uses)	\$ 1,273,036	\$ (148,765)	\$ (132,022)	\$ (599,123)	\$ 338,259

Net Change in Fund Balances	\$ 707,368	\$ 404,556	\$ 222,474	\$ 261,404	\$ 2,021	\$ 1,597,823
Fund Balances						
July 1, 2006	\$ (960,703)	\$ 1,983,053	\$ 6,516,137	\$ 2,535,126	\$ 1,429,385	\$ 11,502,998
Prior period adjustments (Note 9)	\$ 3,103				\$ (28,166)	\$ (25,063)
July 1, 2006, as restated	\$ (957,600)	\$ 1,983,053	\$ 6,516,137	\$ 2,535,126	\$ 1,401,219	\$ 11,477,935
Increase in reserve for inventory					\$ 889	\$ 889
June 30, 2007	\$ (250,232)	\$ 2,387,609	\$ 6,738,611	\$ 2,796,530	\$ 1,404,129	\$ 13,076,647

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

Jefferson Davis County School District
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
 and Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2007

Exhibit D-1

	<u>Amount</u>
Net change in fund balance - governmental funds	\$ 1,597,823
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital assets as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$272,671 and the depreciation expense amounted to \$483,445.	\$ (210,774)
Payment on the principal on long-term liabilities is reported as expenditures in the governmental funds, but the payment reduces long-term liabilities in the statement of activities. (Note 5)	\$ 369,110
The refunding of debt is reported as a reduction of current financing resources in the governmental funds, but the refunding reduces long term liabilities in the statement of net assets.	\$ 3,470,000
Expenses associated with changes in the compensated absences liability is reported in the statement of activities, but is not reported in the governmental funds.	\$ 9,620
Proceeds of long-term liabilities are reported in the governmental funds, but not in the statement of activities. (Note 5)	\$ (3,530,000)
The sale and/or disposal of capital assets is reported as other financing sources in the governmental funds, but is reported as a reduction of capital assets, net of accumulated depreciation, along with the loss on the sale/disposal of capital assets on the statement of activities.	\$ (43,675)
Accrued interest payable is reported in the statement of activities, but is not reported in the governmental funds.	\$ 13,816
The governmental funds reported a decrease in reserve for inventory while the transaction is not reported in the statement of activities.	<u>\$ 889</u>
Changes in net assets of governmental activities	<u>\$ 1,676,809</u>

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

Jefferson Davis County School District
Statement of Fiduciary Assets and Liabilities
June 30, 2007

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents (Note 2)	\$ 581,612
Total Assets	<u>\$ 581,612</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 535,054
Due to student clubs	\$ 46,558
Total Liabilities	<u>\$ 581,612</u>

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

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Jefferson Davis County School District
Notes to Financial Statements
For the Year Ended June 30, 2007

(1) Summary of Significant Accounting Policies.

The accompanying basic financial statements of the school district have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

A. Financial Reporting Entity.

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the school district's governing board. As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five member board. Each member was elected by the citizens of the school district.

The Jefferson Davis County School District Leasing Authority ("the Authority") as explained in the following paragraph is considered to be a blended component unit as determined by Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* and is included in the district's reporting entity.

The Authority is governed by a five member board which was appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, equity, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see Note 11).

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 reporting government 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 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. It also includes 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 reporting entity 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

Jefferson Davis County School District
Notes to Financial Statements
For the Year Ended June 30, 2007

into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

C. Measurement Focus and Basis of Accounting.

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting as are the Fiduciary Fund financial statements. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used regardless of when the related cash flow takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Program revenues on the Statement of Activities consist primarily of state appropriations and federal awards.

In the fund financial statements, governmental funds and agency funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Property taxes, state appropriations and federal awards associated with the current fiscal period are all considered to be susceptible to accrual and so 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.

T9 R19 S16 Principal Fund – This is a permanent fund used to account for resources from sixteenth section trust lands that are legally restricted to the extent that only earnings, and not the principal, may be used for purposes that the supports the district's programs.

T5 R19 S16 Principal Fund – This is a permanent fund used to account for resources from sixteenth section trust lands that are legally restricted to the extent that only earnings, and not the principal, may be used for purposes that the supports the district's programs.

16th Section Principal Fund Non-shared – This is a permanent fund used to account for resources from sixteenth section trust lands that are legally restricted to the extent that only earnings, and not the principal, may be used for purposes that the supports the district's programs.

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

Additionally the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

Jefferson Davis County School District
Notes to Financial Statements
For the Year Ended June 30, 2007

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

FIDUCIARY FUNDS

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

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association and are consistent with the broad classifications recommended in the *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 deposits with maturities of three months or less. Cash and cash equivalents are valued at cost.

G. Investments.

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

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 asset 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

Jefferson Davis County School District
Notes to Financial Statements
For the Year Ended June 30, 2007

government-wide financial statements.

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

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are reported in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. The following schedule details those thresholds.

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

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

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)

K. Interfund Transactions and Balances.

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

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

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

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

L. Equity Classifications.

Government-Wide Financial Statements:

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

Jefferson Davis County School District
Notes to Financial Statements
For the Year Ended June 30, 2007

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, constructions, or improvement of those assets.
- b. 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.
- c. 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 further split between 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 capital project purposes – An account that represents a portion of the fund balance that is legally restricted for capital expenditures or expenditures for maintaining, repairing or equipping school district facilities in accordance with bonding resolutions approved by the school board.

Reserved for debt service purposes – An account that represents a portion of the fund balance that is legally restricted for the retirement of school district debt.

Reserved for permanent fund purposes – An account that represents a portion of the fund balances that is legally restricted for investment purposes or borrowing by the school board for capital expenditures.

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

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

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

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

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

M. Property Taxes.

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

Jefferson Davis County School District
Notes to Financial Statements
For the Year Ended June 30, 2007

N. Mississippi Adequate Education Program Revenues.

Revenues from the adequate education program are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the state of Mississippi.

O. Compensated Absences.

Employees of the school district accumulate sick leave at a minimum amount as required by state law or at a greater amount provided by school district policy. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

The liability for these compensated absences is recorded as long-term liabilities in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the compensated absence liability payable from expendable available financial resources only if the payable has matured, for example, an employee retires.

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

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

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 school district deposits in financial institutions are held in the name of the Mississippi 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 school district'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) and investments authorized under Section 27-105-365 Miss. Code Ann. (1972). That authority permits the following types of investments: (a) certificates of deposit and interest bearing accounts; (b) direct US Treasury obligations; (c) US Government agencies, US Government instrumentalities or US Government sponsored enterprise obligations; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of those securities enumerated in (b) and (c) above; (e) direct obligations of the US in open-end or closed-end of any management type investment company; (f) in a trust consisting of pooled or commingled funds that includes investments in commercial paper and bankers acceptances or other short-term obligations issued by banks having one (1) of the two (2) highest short-term rating categories of either Standard Poor's Corporation or Moody's Investors Service, or corporate notes and bonds having one (1) of the three (3) highest long-term rating categories of either Standard Poor's Corporation or Moody's Investors Service, or in any open-ended or closed-ended management-type investment company or investment trust registered under the provisions or 15 USCS Section 80(a)-1 et seq. Investment income on bond funds (Capital Projects), 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 and Cash with Fiscal Agent.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$7,596,078 and \$581,612, respectively. The carrying amount of deposits reported in the government-wide financial statements was: Cash and Cash Equivalents - \$2,467,929 and Restricted Assets - \$10,413,091. The Restricted Assets represents the cash balance of the sixteenth section principal fund (Permanent

Jefferson Davis County School District
Notes to Financial Statements
For the Year Ended June 30, 2007

Fund) which is legally restricted and may not be used for purposes that support the district's programs. The bank balance was \$9,538,127. The carrying amount of school district's cash with fiscal agents was \$ 402,897.

Custodial Credit Risk – Deposits. Custodial risk is the risk that in the event of a depository failure, the school district deposits may not be returned to it. The school district does not have a formal policy for custodial credit risk. However, state law permits the Mississippi State Treasurer's office to manage that risk on behalf of the school district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. By signed agreement the Mississippi State Treasurer's office is acting on behalf of the school district.

Investments.

The school district had the following investments at year end:

Type of Investment	Maturities	Fair Value	Credit Rating
Federal Farm Credit Bank	1 to 5 years	\$ 100,063	AAA
Federal Home Loan Bank	Less than 1 year	\$ 199,016	AAA
Federal Home Loan Bank	1 to 5 years	\$ 99,860	AAA
Federal Home Loan Bank	5 to 10 years	\$ 76,605	AAA
Federal Home Loan Bank	More than 10 years	\$ 100,016	AAA
Federal Home Loan Mortgage Corporation	1 to 5 years	\$ 665,643	AAA
Federal Home Loan Mortgage Corporation	5 to 10 years	\$ 65,571	AAA
Federal National Mortgage Association	Less than 1 year	\$ 149,585	AAA
Federal National Mortgage Association	1 to 5 years	\$ 443,066	AAA
Federal National Mortgage Association	5 to 10 years	\$ 269,490	AAA
Government National Mortgage Association	More than 10 years	\$ 212,356	AAA
Treasury Securities Money Market Mutual Fund	Less than 1 year	\$ 3,163	AAAm
US Treasury Note	Less than 1 year	\$ 624,677	N/A
US Treasury Note	1 to 5 years	\$ 1,363,483	N/A
US Treasury Note	5 to 10 years	\$ 509,451	N/A
		<u>\$ 4,882,045</u>	

Investments are reported at fair value which is based on quoted market price.

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

Credit Risk. The district does not have a formal investment policy that would limit its investment choices to those authorized by state law.

Custodial Credit Risk – Investments. Custodial credit risk is 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 year end, \$4,813,311 of the district's investments were uninsured, not registered in the name of the district and were held by the counterparty's trust department in the district's name.

Concentration of Credit Risk. The district does not have a policy that limits investment types. At year end, the district had the following investments that individually comprised five percent or more of total investments.

Type of Investment	Fair value	Percent of Investments
Federal Home Loan Bank	\$ 475,497	10%

Jefferson Davis County School District
Notes to Financial Statements
For the Year Ended June 30, 2007

Type of Investment	Fair value	Percent of Investments
Federal Home Loan Mortgage Corporation	\$ 731,214	15%
Federal National Mortgage Association	\$ 862,141	18%

(3) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds:

	Due From	Due To
Major funds:		
General fund	\$ 144,702	\$
Other major fund		
T9 R19 S16 Principal Fund	\$ 20,170	\$
Other governmental funds		\$ 164,872
Total funds	\$ 164,872	\$ 164,872

The purpose of the interfund loans was to eliminate deficit cash balances in certain federal programs as part of normal year end closing adjustments.

B. Advances To/From Other Funds:

	Advances To	Advances From
Major funds:		
General fund		\$ 1,654,000
Other major funds		
T9 R19 S16 Principal Fund	\$ 500,000	
T5 R19 S16 Principal Fund	\$ 1,154,000	
Total funds	\$ 1,654,000	\$ 1,654,000

The sixteenth section principal loans payable is not reflected on the statement of net assets because these funds were borrowed by the General Fund from the sixteenth section trust fund (Permanent trust) in accordance with Section 29-3-113, Miss. Code Ann., 1972). The purpose of these advances was to provide long term financing for capital related improvements in the district.

Sixteenth section principal loans payable.

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

Year Ending June 30	Principal	Interest	Total
2008	\$ 403,000	\$ 46,160	\$ 449,160
2009	\$ 278,000	\$ 42,040	\$ 320,040
2010	\$ 78,000	\$ 38,920	\$ 116,920
2011	\$ 78,000	\$ 35,800	\$ 113,800
2012	\$ 78,000	\$ 32,680	\$ 110,680
2013 – 2017	\$ 315,000	\$ 119,600	\$ 434,600
2018 – 2022	\$ 265,000	\$ 63,600	\$ 328,600
2023 – 2027	\$ 159,000	\$ 12,720	\$ 171,720
Total	\$ 1,654,000	\$ 391,520	\$ 2,045,520

Jefferson Davis County School District
Notes to Financial Statements
For the Year Ended June 30, 2007

C. Transfers In/Out.

	Transfer In	Transfers Out
Major funds:		
General fund	\$ 964,546	\$ 15,994
Other major funds		
T9 R19 S16 Principal Fund		\$ 54,867
T5 R19 S16 Principal Fund		\$ 148,765
16 th Section Principal Non-shared		\$ 132,022
Other governmental funds	\$ 254,117	\$ 867,015
Total funds	\$ 1,218,663	\$ 1,218,663

The purpose of the interfund transfers in the major funds is the transfer of earnings on investments of 16th section funds. The transfers out of the other governmental funds are the transfer of indirect cost on federal programs and the transfer of earnings on investments of 16th section funds to the General Fund.

(4) Capital Assets.

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

	Balance 7-1-2006	Additions	Retirements	Adjustments	Balance 6-30-2007
<u>Non-depreciable capital assets:</u>					
Land	\$ 46,600				\$ 46,600
Total non-depreciable capital assets	\$ 46,600	\$ 0	\$ 0	\$ 0	\$ 46,600
<u>Depreciable capital assets:</u>					
Buildings	\$ 7,828,292				\$ 7,828,292
Building improvements	\$ 1,039,623	\$ 57,317			\$ 1,096,940
Improvements other than buildings	\$ 286,618				\$ 286,618
Mobile equipment	\$ 2,225,773		\$ (239,195)	\$ 65,264	\$ 2,051,842
Furniture and equipment	\$ 1,092,844	\$ 215,354	\$ (7,100)		\$ 1,301,098
Total depreciable capital assets	\$ 12,473,150	\$ 272,671	\$ (246,295)	\$ 65,264	\$ 12,564,790
<u>Less accumulated depreciation</u>					
Buildings	\$ 2,326,522	\$ 136,431			\$ 2,462,953
Building improvements	\$ 353,470	\$ 39,183			\$ 392,653
Improvements other than buildings	\$ 46,912	\$ 11,465			\$ 58,377
Mobile equipment	\$ 1,433,979	\$ 81,755	\$ (195,591)	\$ 67,058	\$ 1,387,201
Furniture and equipment	\$ 646,025	\$ 214,611	\$ (7,029)	\$ 20	\$ 853,627
Total accumulated depreciation	\$ 4,806,908	\$ 483,445	\$ (202,620)	\$ 67,078	\$ 5,154,811
Total depreciable capital assets, net	\$ 7,666,242	\$ (210,774)	\$ (43,675)	\$ (1,814)	\$ 7,409,979
Governmental activities capital assets, net	\$ 7,712,842	\$ (210,774)	\$ (43,675)	\$ (1,814)	\$ 7,456,579

Depreciation expense was charged to the following governmental functions:

Jefferson Davis County School District
Notes to Financial Statements
For the Year Ended June 30, 2007

	Amount
Instruction	\$ 182,774
Support services	\$ 252,828
Non-instructional	\$ 47,843
Total depreciation expense	\$ 483,445

The adjustment to capital assets represents assets previously omitted from the account and related adjustments to accumulated depreciation.

(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. Limited obligation bonds payable	\$ 3,680,000		\$ 210,000	\$ (3,470,000)	\$ 0	
B. Limited obligation refunding bonds payable	\$ 0	\$ 3,530,000			\$ 3,530,000	\$ 108,000
C. Certificates of participation payable	\$ 715,000		\$ 40,000		\$ 675,000	\$ 42,000
D. Three mill notes payable	\$ 165,000		\$ 80,000		\$ 85,000	\$ 85,000
H. Obligations under energy efficiency lease	\$ 281,843		\$ 39,110		\$ 242,733	\$ 39,366
L. Compensated absences payable	\$ 90,764		\$ 9,620		\$ 81,144	\$ 6,492
Total	\$ 4,932,607	\$ 3,530,000	\$ 378,730	\$ (3,470,000)	\$ 4,613,877	\$ 280,858

A. Limited obligation bonds payable.

The limited obligation bonds, series 1998 were refunded in the current year with the limited obligation refunding bonds, series 2008.

B. Limited obligation refunding 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 refunding bonds, series 2008	3.97	2-1-07	2-1-18	\$ 3,530,000	\$ 3,530,000

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

	Year Ending June 30	Principal	Interest	Total
2008	\$ 108,000	\$ 137,996	\$ 245,996	
2009	\$ 252,000	\$ 130,850	\$ 382,850	
2010	\$ 265,000	\$ 120,588	\$ 385,588	

Jefferson Davis County School District
Notes to Financial Statements
For the Year Ended June 30, 2007

Year Ending June 30	Principal	Interest	Total
2011	\$ 270,000	\$ 109,968	\$ 379,968
2012	\$ 283,000	\$ 98,991	\$ 381,991
2013 – 2017	\$ 1,602,000	\$ 313,070	\$ 1,915,070
2018	\$ 750,000	\$ 22,588	\$ 772,588
Total	<u>\$ 3,530,000</u>	<u>\$ 934,051</u>	<u>\$ 4,464,051</u>

This debt will be retired from the MAEP retirement fund (Debt Service Fund).

The state aid capital improvement refunding 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).

Current Refunding.

On 2-1-07, the district issued \$ 3,530,000 in limited obligation refunding bonds, series 2007 with an average interest rate of 3.97 percent to advance refund \$3,470,000 of outstanding limited obligation bonds, series 1998 with an average interest rate of 5 percent. The net proceeds of \$3,505,527 after payments of \$24,473 for issuance costs were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the limited obligation bonds, series 1998.

As a result, the limited obligation bonds, series 1998 are considered to be defeased and the liability for those bonds has been removed from long-term liabilities.

The district advance refunded the limited obligation bonds, series 1998 to reduce its total debt service payments over the remaining ten years of the debt by approximately \$86,186 and to obtain an economic gain of \$93,207.

C. Certificates of participation payable.

As more fully explained in Note 11, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Certificates of Participation	4.9%	4-1-99	4-1-19	<u>\$ 950,000</u>	<u>\$ 675,000</u>

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

Year Ending June 30	Principal	Interest	Total
2008	\$ 42,000	\$ 33,074	\$ 75,074
2009	\$ 44,000	\$ 31,016	\$ 75,016
2010	\$ 47,000	\$ 28,860	\$ 75,860
2011	\$ 49,000	\$ 26,558	\$ 75,558
2012	\$ 52,000	\$ 24,156	\$ 76,156
2013 – 2017	\$ 300,000	\$ 79,912	\$ 379,912
2018 – 2022	\$ 141,000	\$ 10,436	\$ 151,436
Total	<u>\$ 675,000</u>	<u>\$ 234,014</u>	<u>\$ 909,012</u>

Jefferson Davis County School District
Notes to Financial Statements
For the Year Ended June 30, 2007

This debt will be retired from the other debt service fund (Debt Service Fund). This debt is financed from a pledge of state education enhancement funds for building and buses.

D. Three mill notes payable.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited school bonds, series 1998	4.9	4-1-99	4-1-19	\$ 950,000	\$ 85,000

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

Year Ending June 30	Principal	Interest	Total
2008	\$ 85,000	\$ 3,718	\$ 88,718

This debt will be retired from the three mill note retirement fund (Debt Service Fund).

E. Obligations under energy efficiency lease.

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

Year Ending June 30	Principal	Interest	Total
2008	\$ 39,366	\$ 11,673	\$ 51,039
2009	\$ 41,362	\$ 9,676	\$ 51,038
2010	\$ 43,461	\$ 7,578	\$ 51,039
2011	\$ 45,666	\$ 5,373	\$ 51,039
2012	\$ 47,982	\$ 3,057	\$ 51,039
2013	\$ 24,896	\$ 623	\$ 25,519
Total	\$ 242,733	\$ 37,980	\$ 280,713

An energy efficiency lease agreement dated August 1, 2005, was executed by and between the State of Mississippi, representing and acting through the Department of Finance and Administration, as the lessee, the district, the sublessee, and district, the lessee, and First Southwest Leasing Company, the lessor.

The agreement authorized the borrowing of \$300,000 (of which \$281,843 was actually borrowed) for the purchase of energy efficiency equipment, machinery, supplies building modifications and other energy saving items. Payments of the lease shall be made from the district maintenance fund (General Fund) and not exceed ten (10) years.

The district entered into this energy efficiency lease agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972). Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

F. 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' salary were paid.

Jefferson Davis County 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 current rate is 11.3% 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 \$1,089,825, \$1,060,226 and \$901,693, respectively, which equaled the required contributions for each year.

(7) Sixteenth Section Lands.

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The future rental payments to be made to the school district can not be determined due to lease ledger records not being current.

(8) Deficit Fund Balance of Individual Funds.

The district maintenance fund has a deficit fund balance in the amount of \$1,027,780. The deficit fund balance of the district maintenance fund is in violation of state law. However, the school district has no liability associated with this violation since the deficit is the result of outstanding 16th section loans which are carried as advances from other funds (liability) in the district maintenance fund.

(9) Prior Period Adjustments.

Exhibit B and D	Amount	Explanation
Exhibit D		
General Fund		
District maintenance fund	\$ 7,381	Prior year error in recording an asset or liability
Activity funds	\$ (4,278)	Prior year error in recording an asset or liability
Total General Fund	<u>\$ 3,103</u>	
Other Governmental Funds		
Title I, part A fund	\$ 1,452	Prior year error in recording an asset or liability
Title II ed tech fund	\$ (31,362)	Prior year error in recording an asset or liability
EHA part B fund	\$ 375	Prior year error in recording an asset or liability
Vocational education fund	\$ 828	Prior year error in recording an asset or liability
21 st century grant fund	\$ 488	Prior year error in recording an asset or liability
School health nurse fund	\$ 53	Prior year error in recording an asset or liability
Total Other Governmental Funds	<u>\$ (28,166)</u>	
Total Exhibit D	<u>\$ (25,063)</u>	
Primary government	\$ (1,814)	Prior year error in recording an asset or liability
Total Exhibit B	<u>\$ 26,877</u>	

Jefferson Davis County School District
Notes to Financial Statements
For the Year Ended June 30, 2007

(10) Risk Management.

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

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. The district has not had an additional assessment for excess losses incurred by the pool.

(11) Trust Certificates.

A trust agreement dated April 1, 1999, was executed by and between the school district and Trustmark National Bank, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$950,000 for the construction and renovation of school buildings and related facilities and equipment (the "project").

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

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the lease; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 4 for details regarding the debt service requirement on the trust certificates.

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

REQUIRED SUPPLEMENTARY INFORMATION

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Jefferson Davis County School District
 Budgetary Comparison Schedule for the 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	\$ 2,475,552	\$ 2,313,116	\$ 2,313,116	\$ (162,436)	\$ -
State sources	\$ 9,875,484	\$ 9,138,920	\$ 9,138,302	\$ (736,564)	\$ (618)
Federal sources	\$ 92,197	\$ 505,312	\$ 504,071	\$ 413,115	\$ (1,241)
Total Revenues	\$ 12,443,233	\$ 11,957,348	\$ 11,955,489	\$ (485,885)	\$ (1,859)
Expenditures					
Instruction	\$ 7,852,989	\$ 7,437,655	\$ 7,438,191	\$ 415,334	\$ (536)
Support services	\$ 4,720,817	\$ 4,843,198	\$ 4,915,609	\$ (122,381)	\$ (72,411)
Noninstructional services	\$ 123,761	\$ 150	\$ 150	\$ 123,611	\$ -
Facilities acquisition and construction	\$ -	\$ 129,728	\$ 57,317	\$ (129,728)	\$ 72,411
Debt service					
Principal	\$ 142,110	\$ 39,110	\$ 39,110	\$ 103,000	\$ -
Interest	\$ 63,209	\$ 70,780	\$ 62,209	\$ (7,571)	\$ 8,571
Other	\$ -	\$ -	\$ 8,571	\$ -	\$ (8,571)
Total Expenditures	\$ 12,902,886	\$ 12,520,621	\$ 12,521,157	\$ 382,265	\$ (536)
Excess (Deficiency) of Revenues Over Expenditures	\$ (459,653)	\$ (563,273)	\$ (565,668)	\$ (103,620)	\$ (2,395)
Other Financing Sources (Uses)					
Proceeds of general obligation bonds	\$ -	\$ 140,000	\$ -	\$ 140,000	\$ (140,000)
Insurance loss recoveries	\$ -	\$ 301,646	\$ 301,646	\$ 301,646	\$ -
Sale of transportation equipment	\$ 500	\$ 22,838	\$ 22,838	\$ 22,338	\$ -
Sale of other property	\$ 100	\$ -	\$ -	\$ (100)	\$ -
Operating transfers in	\$ 1,284,518	\$ 824,546	\$ 964,546	\$ (459,972)	\$ 140,000
Operating transfers out	\$ (635,994)	\$ (15,994)	\$ (15,994)	\$ 620,000	\$ -
Total Other Financing Sources (Uses)	\$ 649,124	\$ 1,273,036	\$ 1,273,036	\$ 623,912	\$ -
Net Change in Fund Balances	\$ 189,471	\$ 709,763	\$ 707,368	\$ 520,292	\$ (2,395)
Fund Balances					
July 1, 2006			\$ (960,703)		
Prior period adjustments			\$ 3,103		
July 1, 2006, as restated			<u>\$ (957,600)</u>		
Residual equity transfer in (out)					
June 30, 2007			<u>\$ (250,232)</u>		

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

Jefferson Davis County School District
Notes to the Required Supplemental Information
For the Year Ended June 30, 2007

(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 following the end of the fiscal year. A budgetary comparison is presented for the general fund on the same basis of accounting as the budget which is consistent with accounting principles generally accepted in the United States.

(3) Individual Fund Disclosures.

Excess Expenditures over Budget.

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

Individual Fund	Amount
District maintenance fund	\$ 536

Due to a deficit fund balance, the district maintenance fund had expenditures in excess of available resources which is considered a violation of state law.

SUPPLEMENTARY INFORMATION

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Jefferson Davis County 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 No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Non-cash assistance:		
Food donation	10.550	\$ <u>69,096</u>
Child nutrition cluster:		
School breakfast program	10.553	\$ 348,363
National school lunch program	10.555	\$ 784,719
Summer food service program for children	10.559	\$ 10,170
Total child nutrition cluster		\$ <u>1,143,252</u>
Total U.S. Department of Agriculture		\$ <u>1,212,348</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The school and libraries program of the universal service fund	32.XXX	\$ <u>408,866</u>
Total Federal Communications Commission		\$ <u>408,866</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	\$ 964,165
Career and technical education - basic grants to states	84.048	\$ 29,326
Safe and drug free schools and communities - national programs	84.184	\$ 37,709
Safe and drug-free schools and communities - state grants	84.186	\$ 24,789
State grants for innovative programs	84.298	\$ 61,642
Education technology – state grants	84.318	\$ 10,000
Gaining early awareness and readiness for undergraduate programs	84.334	\$ 11,634
Rural education	84.358	\$ 19,526
Improving teacher quality – state grants	84.367	\$ 150,158
Hurricane education recovery	84.938	\$ <u>122,683</u>
Total		\$ <u>1,431,632</u>
Special education cluster:		
Special education - grants to states	84.027	\$ 521,152
Special education - preschool grants	84.173	\$ <u>48,059</u>
Total special education cluster		\$ <u>569,211</u>
Total passed-through Mississippi Department of Education		\$ <u>2,000,843</u>
Total U.S. Department of Education		\$ <u>2,000,843</u>
<u>Homeland Security</u>		
Passed-through the Mississippi Emergency Management Agency:		
Disaster grants - public assistance (presidentially declared disasters)	97.036	\$ <u>13,911</u>
Total Homeland Security		\$ <u>13,911</u>

Jefferson Davis County 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 No.	Federal Expenditures
<u>Other Federal Assistance</u>		
Direct program:		
Reserve Officers' Training Corps	12.XXX	\$ 94,586
Total Other Federal Assistance		\$ 94,586
Total for All Federal Awards		\$ 3,730,554

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 basic financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.

Jefferson Davis County 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 Administrative</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 13,334,242	\$ 10,039,873	\$ 610,884	\$ 901,256	\$ 1,782,229
Other	\$ 4,555,472	\$ 655,327	\$ 220,169	\$ 17,296	\$ 3,662,680
Total	<u>\$ 17,889,714</u>	<u>\$ 10,695,200</u>	<u>\$ 831,053</u>	<u>\$ 918,552</u>	<u>\$ 5,444,909</u>
Total number of students	<u>1,917</u>				
Cost per student	<u>\$ 9,332</u>	<u>\$ 5,579</u>	<u>\$ 434</u>	<u>\$ 479</u>	<u>\$ 2,840</u>

Notes to the schedule.

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.

General Administration - includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.

School Administration - includes expenditures for the following function: Support Services - School Administration.

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

Total number of students - the ADA report submission for month 9, which is the final submission for the school year.

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REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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CHARLES L. SHIVERS

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

Superintendent and School Board
Jefferson Davis County School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson Davis County School District as of and for the year ended June 30, 2007, which collectively comprise the district's basic financial statements and have issued my report thereon dated November 20, 2008. I conducted my 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 my audit, I considered the school district's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the school district's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the school district's internal control over financial reporting.

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 control deficiency, or combination of control deficiencies, that adversely affects the school district'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 school district's financial statements that is more than inconsequential will not be prevented or detected by the school district's internal control.

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.

My 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 internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiency in the internal control over financial reporting that I consider to be material weaknesses, as described above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain immaterial matters that I reported to the school district's management in a separate letter dated November 20, 2008

This report is intended solely for the information and use of the district's 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.



Ridgeland, MS
November 20, 2008

CHARLES L. SHIVERS

Certified Public Accountant

Post Office Box 2775
Ridgeland, Mississippi 39158

Phone: 601.941.6649
Email: clscpa@bellsouth.net

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

Superintendent and School Board
Jefferson Davis County School District

Compliance

I have audited the compliance of the Jefferson Davis County School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The 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. My responsibility is to express an opinion on the school district's compliance based on my audit.

I conducted my 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 I 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the school district's compliance with those requirements.

As described in Finding 07-01 and 07-02 in the Schedule of Findings and Questioned Costs, the district did not comply with the requirements regarding cash management that are applicable to the Title I – Grants to Local Educational Agencies program and the Special Education – Grants to States and Preschool Grants program. Compliance with such requirement is necessary, in my opinion, for the school district to comply with the requirements applicable to these programs.

In my opinion, except for the noncompliance described in the preceding paragraph, the Jefferson Davis County School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Jefferson Davis County School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the school district's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the school district's internal control over compliance.

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer 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. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, I consider items 07-01 and 07-02 to be material weaknesses.

The school district's response to the findings identified in my audit is described in the accompanying Schedule of Findings and Questioned Costs. I did not audit the school district's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the district's 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.



Ridgeland, MS
November 20, 2008

REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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CHARLES L. SHIVERS

Certified Public Accountant

Post Office Box 2775
Ridgeland, Mississippi 39158

Phone: 601.941.6649
Email: clscpa@bellsouth.net

REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Jefferson Davis County School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson Davis County School District as of and for the year ended June 30, 2007, which collectively comprise Jefferson Davis County School District's basic financial statements and have issued my report thereon dated November 20, 2008. I conducted my 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."

The results of my 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 \$29,254 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 my 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, I have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of procedures performed to test compliance with certain other laws and regulations as required by the state legal compliance audit program prescribed by the Office of the State Auditor and my audit of the basic financial statements disclosed the following immaterial instances of noncompliance with state laws and regulations. My findings and recommendations and your responses are as follows:

Finding No. 1: Section 37-61-19 limits expenditures to available resources. The district maintenance fund ended the year with a deficit fund balance of \$1,027,780 which is considered a violation of this statute by the State Auditor's office. The deficit fund balance is the result of 16th section loans payable in the amount of \$1,654,000. The district maintenance fund did have revenues in excess of expenditures of \$987,383 for the year.

Recommendation: Given the circumstances surrounding the deficit, it is recommended that the district management consult with the appropriate authority regarding any potential liability associated with this finding. In addition, the district should implement controls and procedures to insure that expenditures are limited to available resources as required by Section 37-61-19.

Response: The district will insure compliance with Section 37-61-19, Miss. Code Ann. (1972). The District has implemented a recovery plan which better manages the expenditures of the District. The deficit fund balance has been eliminated as of June 30, 2008. The District will continue to manage its resources to insure the recovery and maintenance of

a sufficient fund balance in the district maintenance fund.

Finding No. 2: Section 37-57-105 limits ad valorem taxes collections to a four percent increase over the prior year. The district's calculation of the excess collections was understated by \$17, 878. The understatement was due to a clerical error by the district in the year end calculation.

Recommendation: It is recommended that this additional escrow be addressed in the ad valorem request for the 2009-10 fiscal year.

Response: The District will comply with Section 31-57-105, Miss. Code Ann. (1972). The District will limit its ad valorem tax request to the amount allowed by law. All funds received in excess of the amount allowed by law will be escrowed in the following year. The District has implemented a procedure to insure that District calculations are verified, in an effort to eliminate clerical errors.

Finding No. 3: Although the district has placed considerable effort in getting the 16th section lease ledger current and up-to-date, additional time and resources are needed to achieve that goal. From a sample of fifteen leases tested, it was noted that five leaseholders paid for several years in arrears and two leaseholders paid less than the lease amount. It was also noted that one leaseholder continued to pay on a lease that had been canceled for several years. From discussion with district staff, it appears this situation exists into the 2008 FY. This condition is one that is the result of neglect that has existed for several years.

Recommendation: It is recommended that the district comply with Section 29-3-57 and continue to place emphasis and resources on correcting this matter.

Response: The District will comply with Section 29-3-57, Miss. Code Ann. (1972) and insure that when leases are in default for 60 days or more from the due date, the District will seek to terminate the lease, unless the school board finds that extenuating circumstances are present and such action is recorded in the school board minutes. The District will implement procedures to insure that leases are recorded and monitored as described by Section 29-3-57.

Finding No. 4: From a sample of fifteen leases tested, it was noted that two leaseholders were more than 60 days delinquent and no action was taken by the board of education as required by Section 29-3-111. This condition was caused by a deficiency in procedures to monitor delinquent leaseholders and accordingly report such matters to the board of education.

Recommendation: It is recommended that the district monitor delinquent leaseholders and present delinquencies of greater than 60 days to the board of education for action by the board.

Response: The District will comply with Section 29-3-111, Miss. Code Ann. (1972) and insure that when leases are in default for more than 60 days from the due date, the District will declare the lease terminated unless the school board finds that extenuating circumstances are present and such action is recorded in the school board minutes.

The school district's response to the findings identified in my audit is described in the accompanying Schedule of Findings and Questioned Costs. I did not audit the school district's response and, accordingly, I express no opinion on it.

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

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



Ridgeland, MS
November 20, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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Jefferson Davis County School District
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2007

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the basic financial statements: | Unqualified |
| 2. | Material noncompliance relating to the basic financial statements? | No |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Reportable conditions identified that are not considered to be material weaknesses? | None Reported |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Type of auditor's report issued on compliance for major federal programs:
Unqualified opinion for all programs except for the following:
Title I – Grants to Local Educational Agencies Qualified Opinion
Special Education – Grants to States Qualified Opinion
Special Education – Preschool Grants Qualified Opinion | |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | Yes |
| | b. Reportable conditions 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? | Yes |
| 7. | Federal program identified as major program: | |
| | 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. Special Education Cluster | |
| | CFDA #: 84.027 | |
| | CFDA#: 84.173 | |
| | d. School and Libraries Programs 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 findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? | Yes |

Section 2: Financial Statement Findings

The results of my tests did not disclose any findings and questioned costs related to the financial statement that are required by the *Government Auditing Standards*.

Jefferson Davis County School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007

Section 3: Federal Award Findings and Questioned Costs

Material Noncompliance / Material Weakness

07-01

Program: Title I – Grants to Local Educational Agencies; CFDA# 84.010; US Department of Education;
Passed through the Mississippi Department of Education

Compliance Requirement: Cash Management

Finding: For the first ten months of the fiscal year, the district requested reimbursement of program funds in excess of immediate needs that resulted in excessive amounts of program cash on hand for each month. Program guidelines regarding cash management indicate that program reimbursements be limited to expenditures and obligations incurred such that cash on hand, if any, is kept to a minimum. The violation of the compliance requirement has a direct and material effect on the program and resulted in a qualified opinion on program compliance. The cause of this condition was the result of control deficiencies that permitted an excess reimbursement in October 2006 and a failure to monitor and correct the excess cash within a reasonable time. It is important to note that the controls were redesigned and effectively implemented for the last two months of the year.

Recommendation: It is recommended that the district continue to monitor cash management control objectives and modify and enhance those controls when necessary.

07-02

Program: Special Education – Grants to States; CFDA# 84.027; Special Education – Preschool Grants;
CFDA# 84.173; US Department of Education; Passed through the Mississippi Department of
Education

Compliance Requirement: Cash Management

Finding: For the first ten months of the fiscal year, the district requested reimbursement of program funds in excess of immediate needs that resulted in excessive amounts of program cash on hand for each month. Program guidelines regarding cash management indicate that program reimbursements be limited to expenditures and obligations incurred such that cash on hand, if any, is kept to a minimum. The violation of the compliance requirement has a direct and material effect on the program and resulted in a qualified opinion on program compliance. The cause of this condition was the result of control deficiencies that permitted an excess reimbursement and a failure to monitor and correct the excess cash within a reasonable time. It is important to note that the controls were redesigned and effectively implemented for the last two months of the year.

Recommendation: It is recommended that the district continue to monitor cash management control objectives and modify and enhance those controls when necessary.

AUDITEE'S CORRECTIVE ACTION PLAN

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Jefferson Davis County School District
P.O. Box 1197 - 1025 Third Street
Prentiss, Mississippi 39474-1197
PHONE (601) 792-4267 FAX (601) 792-2251



Glenn A. Swan, Conservator

Ike Haynes, Superintendent

Financial & Compliance Audit Division

As required by Section 315© of OMB Circular A-133, the Jefferson Davis County 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:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
07-01	a. Name of Contact Person Responsible for Corrective Action: Ike Haynes Superintendent (601) 792-5444 Shelia Copeland Business Manager (601) 792-2712 Angela Jones Federal Program Director (601) 792-2703
	b. Corrective Action Planned: The District has implemented procedures to insure compliance with the cash management requirements for federal program funds. The district will only draw down funds for each federal program sufficient to cover the expenditures of such program.
	c. Anticipated Completion Date: June 30, 2008

Finding

Corrective Action Plan Details

07-02

a. Name of Contact Person Responsible for Corrective Action:

Ike Haynes
Superintendent
(601) 792-5444

Shelia Copeland
Business Manager
(601) 792-2712

Dr. Su'brina Mason
Exceptional Education Director
(601) 792-5441

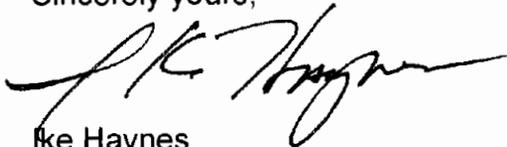
b. Corrective Action Planned:

The District has implemented procedures to insure compliance with the cash management requirements for federal program funds. The district will only draw down funds for each federal program sufficient to cover the expenditures of such program.

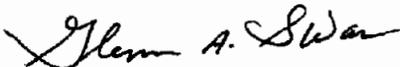
c. Anticipated Completion Date:

June 30, 2008

Sincerely yours,



Ike Haynes,
Superintendent



Glenn A. Swan,
Conservator

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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Jefferson Davis County School District
P.O. Box 1197 - 1025 Third Street
Prentiss, Mississippi 39474-1197
PHONE (601) 792-4267 FAX (601) 792-2251



Glenn A. Swan, Conservator
Ike Haynes, Superintendent

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Financial and Compliance Audit Division

As required by Section _____, 315 (b) of OMB Circular A-133, the Jefferson Davis County School District has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2007:

<u>Finding</u>	<u>Status</u>
2006-07	Corrective Action was taken.
2006-08	Corrective Action was taken.
2006-09	Corrective Action was taken, program no longer exist.

Sincerely,

A handwritten signature in cursive script that reads 'Glenn A. Swan'.

Glenn A. Swan,
Conservator

A handwritten signature in cursive script that reads 'Ike Haynes'.

Ike Haynes,
Superintendent

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