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**JONES COUNTY SCHOOL DISTRICT  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2007**

JONES COUNTY SCHOOL DISTRICT  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2007

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# HOLT & ASSOCIATES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

W. David Dill, CPA, CGFM  
Julie M. Uher, CPA

M. C. Princy Harrison, CPA, CGFM

H. I. Holt, CPA  
Founder (1915 - 1997)

Members:  
American Institute of  
Certified Public Accountants

Mississippi Society of  
Certified Public Accountants

Division of CPA Firms  
Private Companies Practice Section

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

Superintendent and School Board  
Jones County School District

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2007, on our consideration of the Jones County School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and

Superintendent and School Board  
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compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4 through 12 and the Budgetary Comparison Schedule and corresponding notes on pages 43 through 45 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Holt + Associates PLLC*

November 30, 2007

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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

The Jones County School District is located in southeast Mississippi. The District is composed of 14 instructional locations, including 8 elementary school for grades kindergarten to six, 3 middle/high schools for grades seven to twelve, and one alternative school for grades six to twelve. The current enrollment is approximately 8,100, and the district employs approximately 1,300 certified and non-certified workers.

#### **SIGNIFICANT EVENTS**

On September 12, 2006, the voters of Jones County overwhelmingly approved the district's proposed \$37 million bond issue with a 90.5 percent approval vote. The district immediately began renovations, additions and new construction on all of the district's school campuses. The construction projects include a new cafeteria, media center and performing arts center at each of the district's three high schools. A new elementary school housing kindergarten to sixth grade is being constructed, and an addition to an existing school to relocate kindergarten to third grade students from an older facility is being constructed. Renovations and classroom additions are being performed at other schools.

The financial statements for the year ended June 30, 2007 reflect significant changes in various asset and liability classifications as a result of the issuance of the new bonds, and also reflect the refunding of other outstanding debt, thereby generating additional operational resources from the decreased annual debt payments.

#### **FINANCIAL HIGHLIGHTS**

- Total net assets increased \$4,772,307 in 2007 and \$10,115,675 in 2006, (including the effects of prior period adjustments) which represents an increase of 12.3% and 35.4% respectively.
  
- General revenues account for \$54,053,807 in 2007 and \$57,430,195 in 2006, or 80.9% and 78.3% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,788,968 in 2007 and \$15,885,904 in 2006 or 19.1% and 21.7% of total revenues, respectively.

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

- The District had expenses of \$62,111,195 in 2007 and \$63,200,424 in 2006; only \$12,788,968 in 2007 and \$15,885,904 in 2006 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$54,053,807 and \$57,430,195, respectively, were adequate to provide for these programs.
- Among major funds, the General Fund had \$50,198,095 in revenues and \$48,267,815 in expenditures in 2007; in 2006 there were \$46,621,792 in revenues and \$39,545,953 in expenditures. The General Fund's fund balance increased \$1,251,342 in 2007, and increased \$5,672,120 in 2006.
- Capital assets, net of accumulated depreciation, increased by \$4,892,930 in 2007, primarily due to construction in progress, and decreased by \$624,581 in 2006.
- Long-term debt increased by \$36,107,587 in 2007, primarily due to the issuance of new general obligations bonds for the improvement of the district's facilities, and increased \$1,212,905 in 2006.

## **OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

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

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 on long-term liabilities.

The government-wide financial statements can be found on pages 14 - 15 of this report.

**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 District 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. These reconciliations are on pages 17 and 19 respectively.

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.

The basic governmental fund financial statements can be found on pages 16 - 21 of this report.

**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

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

accounting is used for fiduciary funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The District's fiduciary activities are presented in separate Statements of Fiduciary Net Assets on page 20 and Statement of Changes in Fiduciary Net Assets on page 21.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 - 41 of this report.

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

The District adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found on pages 43 - 44 of this report.

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 can be found on pages 47 and 48, respectively, of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net assets.** Net assets may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by \$43,439,894 as of June 30, 2007 and \$38,667,587 as of June 30, 2006.

By far the largest portion of the District's net assets at June 30, 2007 and 2006 (44.67% and 44.60%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, mobile equipment, furniture and equipment, and construction in progress, 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.

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.

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

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

|  | <u>2007</u>                | <u>2006</u>                | <u>Percentage<br/>Change</u> |
|--|----------------------------|----------------------------|------------------------------|
| Current assets                                     | \$62,196,092               | \$25,680,466               | 142%                         |
| Capital assets, net                                | <u>41,913,662</u>          | <u>37,020,732</u>          | 13%                          |
| <b>Total assets</b>                                | <b><u>104,109,754</u></b>  | <b><u>62,701,198</u></b>   | 66%                          |
| Current liabilities                                | 6,233,292                  | 4,808,366                  | 30%                          |
| Long-term debt outstanding                         | <u>54,436,568</u>          | <u>19,225,245</u>          | 183%                         |
| <b>Total liabilities</b>                           | <b><u>60,669,860</u></b>   | <b><u>24,033,611</u></b>   | 152%                         |
| Net assets:  |                            |                            |                              |
| Invested in capital assets,<br>net of related debt | 19,402,888                 | 17,243,752                 | 13%                          |
| Restricted   | 14,972,430                 | 13,457,124                 | 11%                          |
| Unrestricted                                       | <u>9,064,576</u>           | <u>7,966,711</u>           | 14%                          |
| <b>Total net assets</b>                            | <b><u>\$43,439,894</u></b> | <b><u>\$38,667,587</u></b> | 12%                          |

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

- Issuance of general obligation bonds in the amount of \$37 million.
- Construction in progress paid from general obligation bond proceeds.

**Changes in net assets.** The District's total revenues for the fiscal year ended June 30, 2007 and 2006 were \$66,842,775 and \$73,316,099, respectively. The total cost of all programs and services was \$62,111,195 in 2007 and \$63,200,424 in 2006. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2007 and 2006.

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

|                                       | <u>2007</u>              | <u>2006</u>              | <u>Percentage<br/>Change</u> |
|---------------------------------------|--------------------------|--------------------------|------------------------------|
| <b>Revenues:</b>                      |                          |                          |                              |
| Program revenues                      |                          |                          |                              |
| Charges for services                  | \$ 2,802,394             | \$ 2,220,199             | 26%                          |
| Operating grants and contributions    | 8,785,258                | 12,464,389               | -30%                         |
| Capital grants and contributions      | 1,201,316                | 1,201,316                | 0%                           |
| General Revenues                      |                          |                          |                              |
| Taxes                                 | 11,973,826               | 11,416,106               | 5%                           |
| Unrestricted grants and contributions | 35,461,454               | 36,014,634               | -2%                          |
| Unrestricted investment earnings      | 1,789,585                |                          |                              |
| 16th Section sources                  | 2,329,649                | 4,473,431                | -48%                         |
| Insurance proceeds                    | -                        | 5,382,801                | -58%                         |
| Gain on disposition of assets         | 63,923                   |                          |                              |
| Other                                 | <u>2,435,370</u>         | <u>143,223</u>           | <u>1300%</u>                 |
| <b>Total Revenues</b>                 | <b>66,842,775</b>        | <b>73,316,099</b>        | <b>-9%</b>                   |
| <b>Expenses:</b>                      |                          |                          |                              |
| Instruction                           | 37,720,044               | 41,819,745               | -10%                         |
| Support Services                      | 19,299,494               | 16,459,644               | 17%                          |
| Non-instructional                     | 3,374,107                | 3,087,706                | 9%                           |
| 16th Section                          | 628,727                  | 795,541                  | -21%                         |
| Interest on long-term liabilities     | <u>1,088,823</u>         | <u>1,037,788</u>         | <u>5%</u>                    |
| <b>Total Expenses</b>                 | <b><u>62,111,195</u></b> | <b><u>63,200,424</u></b> | <b><u>-2%</u></b>            |
| <b>Increase in Net Assets</b>         | <b>4,731,580</b>         | <b>10,115,675</b>        | <b>-53%</b>                  |
| Net assets, July 1                    | 38,667,587               | 28,551,912               |                              |
| Prior period adjustment               | <u>40,727</u>            | <u>-</u>                 |                              |
| Net assets, July 1 (as restated)      | <u>38,708,314</u>        | <u>28,551,912</u>        |                              |

**Governmental activities.** The following table presents the cost of four major District functional activities: instruction, support services, non-instructional, and interest 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.

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

|                                   | <u>2007</u>                     |  | <u>2006</u>                     |  |
|-----------------------------------|---------------------------------|--|---------------------------------|--|
|                                   | <u>Total</u><br><u>Expenses</u> | <u>Net (Expense)</u><br><u>Revenue</u> | <u>Total</u><br><u>Expenses</u> | <u>Net (Expense)</u><br><u>Revenue</u> |
| Instruction                       | \$ 37,720,044                   | \$ (30,264,868)                        | \$ 41,819,745                   | \$ (31,248,081)                        |
| Support Services                  | 19,299,494                      | (17,582,591)                           | 16,459,644                      | (13,249,426)                           |
| Non-instructional                 | 3,374,107                       | 218,106                                | 3,087,706                       | (2,365,000)                            |
| 16th Section                      | 628,727                         | (604,051)                              | 795,541                         | (795,541)                              |
| Interest on long-term liabilities | <u>1,088,823</u>                | <u>(1,088,823)</u>                     | <u>1,037,788</u>                | <u>163,528</u>                         |
|                                   | <u>\$ 62,111,195</u>            | <u>\$ (49,322,227)</u>                 | <u>\$ 63,200,424</u>            | <u>\$ (47,494,520)</u>                 |

- Net cost of governmental activities in 2007 was \$49,322,227 and in 2006 was \$47,494,520 financed by general revenue, which is made up of primarily property taxes in 2007 and 2006 of \$11,973,826 and \$11,416,106, respectively, and state revenue of \$34,502,706 in 2007 and \$32,595,477 in 2006, and federal revenue of \$958,748 in 2007 and \$2,893,415 in 2006, and Sixteenth section revenue of \$2,329,649 in 2007 and \$4,473,431 in 2006.
- Investment earnings accounted for funding of \$1,789,585 in 2007 and \$525,742 in 2006.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$58,482,732 in 2007, an increase of \$36,274,375 and \$22,208,357 in 2006, an increase of \$9,560,157. Of the fund balance, \$12,112,007 or 20.71% in 2007 and \$5,183,217 or 23.34% in 2006, constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of \$46,370,725 or 79.29% in 2007 and \$17,025,140 or 76.67% in 2006, is reserved or designated to indicate that it is not available for spending because it has already been committed.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for fiscal year 2007 was \$1,251,342. The fund balances in all other funds increased a total of \$35,042,570.

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

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the annual operating budget. Some of the significant adjustments are described below.

- Debt service budget increased for the initial debt payments for the newly issued general obligation bonds.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The District's total capital assets as of June 30, 2007 were \$60,826,694 and \$54,632,203 as of June 30, 2006, including school buildings, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$6,194,491 from the previous year. Total accumulated depreciation as of June 30, 2007 was \$18,913,032 and total depreciation expense was \$1,411,211. Total accumulated depreciation as of June 30, 2006 was \$17,611,471. Total capital assets, net were \$41,913,662 and \$37,020,732, respectively.

|                          | <u>Capital Assets, Net of Depreciation</u> |                     | <u>Percentage<br/>Change</u> |
|--------------------------|--|---------------------|------------------------------|
|                          | <u>2007</u>                                | <u>2006</u>         |                              |
| Land                     | 868,970                                    | 581,969             | 49%                          |
| Construction in progress | 5,078,159                                  | -                   | 100%                         |
| Buildings                | 28,974,510                                 | 29,691,785          | -2%                          |
| Building improvements    | 5,301,669                                  | 5,538,169           | -4%                          |
| Mobile equipment         | 1,024,468                                  | 844,014             | 21%                          |
| Furniture & equipment    | <u>665,886</u>                             | <u>364,795</u>      | 83%                          |
| Total                    | <u>\$41,913,662</u>                        | <u>\$37,020,732</u> | 13%                          |

Additional information of the District's capital assets can be found in Note 4 on page 33 - 34 of this report.

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

**Debt Administration.** At June 30, 2007 and 2006 the District had \$56,693,007 and \$20,585,420, respectively, in general obligation bonds, limited obligation bonds and other long-term debt outstanding, with \$2,256,439 in 2007 and \$1,360,174 in 2006 due within one year.

|                                  | <u>Outstanding Debt</u>    |                             | Percentage<br><u>Change</u> |
|----------------------------------|----------------------------|-----------------------------|-----------------------------|
|                                  | <u>2007</u>                | <u>2006</u>                 |                             |
| General obligation bonds payable | \$39,045,000               | \$ 2,285,000                | 1609%                       |
| Three mill notes payable         | 5,815,000                  | 6,145,000                   | -5%                         |
| Shortfall notes payable          | 327,074                    | 194,229                     | 68%                         |
| Capital lease obligations        | 33,006                     | 52,005                      | -37%                        |
| Limited obligation bonds payable | 10,845,000                 | 11,295,000                  | -4%                         |
| Compensated absences payable     | <u>627,927</u>             | <u>614,185</u>              | <u>2%</u>                   |
| <b>Total</b>                     | <u><u>\$56,693,007</u></u> | <u><u>\$ 20,585,419</u></u> | 175%                        |

Additional information of the District's long-term debt can be found in Note 5 on page 34 - 39 of this report.

**CURRENT ISSUES**

On September 12, 2006, the voters of Jones County overwhelmingly approve the district's proposed \$37 million bond issue with a 90.5 percent approval vote. The district immediately began renovations, additions and new construction on all of the district's school campuses. The construction projects include a new cafeteria, media center and performing arts center at each of the district's three high schools. A new elementary school housing kindergarten to sixth grade is being constructed, and an addition to an existing school to relocate kindergarten to third grade students from an older facility is being constructed. Renovations and classroom additions are being performed at other schools. Anticipated completion dates on the majority of these construction projects is Summer 2008.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report, contact the Superintendent's Office of the Jones County School District, 5204 Highway 11 North, Ellisville, MS 39437.

**FINANCIAL STATEMENTS**

**JONES COUNTY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2007**

**EXHIBIT A**

|  |           | <b>Primary Government<br/>Governmental<br/>Activities</b> |
|--|-----------|---|
| <hr/>  |           |   |
| <b>ASSETS:</b>                                   |           |   |
| Cash and cash equivalents                        | \$        | 42,962,231  |
| Cash with fiscal agent                           |           | 498,747   |
| Investments                                      |           | 5,169,943   |
| Due from other governments                       |           | 2,793,920   |
| Other receivables, net                           |           | 2,401,980   |
| Due from fiduciary funds                         |           | 129,353   |
| Inventories and prepaid items                    |           | 434,215   |
| Deferred charges                                 |           | 228,949   |
| Restricted assets                                |           | 7,576,754   |
| Capital assets, not being depreciated:           |           |   |
| Land   |           | 868,970   |
| Construction in progress                         |           | 5,078,159   |
| Capital assets, net of accumulated depreciation: |           |   |
| Buildings  |           | 28,974,510  |
| Building Improvements                            |           | 5,301,669   |
| Mobile Equipment                                 |           | 1,024,468   |
| Furniture and Equipment                          |           | 665,886   |
| <b>TOTAL ASSETS</b>                              | <b>\$</b> | <b>104,109,754</b>  |
| <hr/>  |           |   |
| <b>LIABILITIES:</b>                              |           |   |
| Accounts payable and accrued liabilities         | \$        | 3,453,818   |
| Unearned revenue                                 |           | 20,573  |
| Interest payable on long-term debt               |           | 497,112   |
| Due to fiduciary funds                           |           | 5,350   |
| Long-term liabilities (Due within one year)      |           |   |
| Capital related liabilities                      |           | 2,084,598   |
| Non-capital related liabilities                  |           | 171,841   |
| Long-term liabilities (Due beyond one year)      |           |   |
| Capital related liabilities                      |           | 53,653,408  |
| Non-capital related liabilities                  |           | 783,160   |
| <b>TOTAL LIABILITIES</b>                         | <b>\$</b> | <b>60,669,860</b>   |
| <hr/>  |           |   |
| <b>NET ASSETS:</b>                               |           |   |
| Invested in capital assets (net of related debt) | \$        | 19,402,888  |
| Restricted net assets:                           |           |   |
| Expendable:                                      |           |   |
| School-Based Activities                          |           | 2,644,516   |
| Debt Service                                     |           | 950,037   |
| Capital Improvement                              |           | 320,903   |
| Forestry Improvement                             |           | 150,215   |
| Unemployment Benefits                            |           | 161,274   |
| Nonexpendable:                                   |           |   |
| Sixteenth Section                                |           | 10,745,485  |
| Unrestricted:                                    |           | 9,064,576   |
| <b>TOTAL NET ASSETS</b>                          | <b>\$</b> | <b>43,439,894</b>   |

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

**JONES COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007**

**EXHIBIT B**

| Functions/Programs                                 | Expenses            | Program Revenues        |  |  | Net (Expense) Revenue<br>and Changes in Net<br>Assets |
|--|---------------------|-------------------------|--|--|---|
|  |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government<br>Governmental<br>Activities      |
| <b>Primary Government:</b>                         |                     |                         |  |  |   |
| Governmental Activities:                           |                     |                         |  |  |   |
| Instruction  | \$37,720,044        | \$ 1,713,324            | \$ 4,540,536                             | \$ 1,201,316                           | \$ (30,264,868)                                       |
| Support services                                   | 19,299,494          | -                       | 1,716,903                                | -                                      | (17,582,591)  |
| Non-instructional                                  | 3,374,107           | 1,064,394               | 2,527,819                                | -                                      | 218,106   |
| Sixteenth section                                  | 628,727             | 24,676                  | -  | -                                      | (604,051)   |
| Interest & other expenses on long-term liabilities | <u>1,088,823</u>    | -                       | -  | -                                      | <u>(1,088,823)</u>                                    |
| <b>Total governmental activities</b>               | <u>\$62,111,195</u> | <u>\$ 2,802,394</u>     | <u>\$ 8,785,258</u>                      | <u>\$ 1,201,316</u>                    | <u>(49,322,227)</u>                                   |
| Taxes:   |                     |                         |  |  |   |
|  |                     |                         |  |  | 11,338,924  |
|  |                     |                         |  |  | 634,902   |
| Unrestricted grants & contributions:               |                     |                         |  |  |   |
|  |                     |                         |  |  | 34,671,333  |
|  |                     |                         |  |  | 790,121   |
|  |                     |                         |  |  | 1,789,585   |
|  |                     |                         |  |  | 2,329,649   |
|  |                     |                         |  |  | 63,923  |
|  |                     |                         |  |  | 2,435,370   |
|  |                     |                         |  |  | <u>54,053,807</u>                                     |
|  |                     |                         |  |  | <u>4,731,580</u>                                      |
|  |                     |                         |  |  | 38,667,587  |
|  |                     |                         |  |  | <u>40,727</u>   |
|  |                     |                         |  |  | <u>38,708,314</u>                                     |
|  |                     |                         |  |  | <u>\$ 43,439,894</u>                                  |

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

**JONES COUNTY SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2007**

EXHIBIT C

|   | MAJOR FUNDS          |                              |                              |                                   |                                   |                                | Total<br>Governmental<br>Funds |
|---|----------------------|------------------------------|------------------------------|-----------------------------------|-----------------------------------|--------------------------------|--------------------------------|
|   | General<br>Fund      | Hurricane<br>Katrina<br>Fund | Bond<br>Construction<br>Fund | State Aid<br>Debt Service<br>Fund | 16th Section<br>Principal<br>Fund | Other<br>Governmental<br>Funds |                                |
| <b>ASSETS:</b>                              |                      |                              |                              |                                   |                                   |                                |                                |
| Cash and cash equivalents                   | \$ 6,429,911         | \$ -                         | \$ 33,555,662                | \$ 498,747                        | \$ 5,453,942                      | \$ 2,976,658                   | \$ 48,914,920                  |
| Cash with fiscal agent                      | -                    | -                            | -                            | -                                 | 498,747                           | -                              | 498,747                        |
| Investments                                 | 4,330,842            | -                            | -                            | -                                 | 1,624,066                         | 839,100                        | 6,794,008                      |
| Receivables                                 | 42,200               | 2,203,616                    | 113,157                      | -                                 | 15,221                            | 26,786                         | 2,400,980                      |
| Due from other governments                  | 1,336,387            | -                            | -                            | 600,658                           | -                                 | 856,875                        | 2,793,920                      |
| Due from other funds                        | 4,170,510            | -                            | -                            | -                                 | 293,501                           | 595,129                        | 5,059,140                      |
| Advances to other funds                     | -                    | -                            | -                            | -                                 | 3,756,967                         | -                              | 3,756,967                      |
| Inventories and prepaid items               | 315,948              | -                            | -                            | -                                 | -                                 | 118,267                        | 434,215                        |
| <b>TOTAL ASSETS</b>                         | <b>\$ 16,625,798</b> | <b>\$ 2,203,616</b>          | <b>\$ 33,668,819</b>         | <b>\$ 1,099,405</b>               | <b>\$ 11,642,444</b>              | <b>\$ 5,412,815</b>            | <b>\$ 70,652,897</b>           |
| <b>LIABILITIES &amp; FUND BALANCES:</b>     |                      |                              |                              |                                   |                                   |                                |                                |
| <b>Liabilities:</b>                         |                      |                              |                              |                                   |                                   |                                |                                |
| Accounts payable and accrued liabilities    | \$ 2,357,390         | \$ 21,537                    | \$ 7,483                     | \$ -                              | \$ 549,275                        | \$ 518,133                     | \$ 3,453,818                   |
| Due to other funds                          | 485,934              | 2,109,541                    | -                            | -                                 | 347,684                           | 1,990,978                      | 4,934,137                      |
| Advances from other funds                   | 3,756,967            | -                            | -                            | -                                 | -                                 | -                              | 3,756,967                      |
| Deferred revenue                            | 10,600               | -                            | -                            | -                                 | -                                 | 14,643                         | 25,243                         |
| <b>Total Liabilities</b>                    | <b>6,610,891</b>     | <b>2,131,078</b>             | <b>7,483</b>                 | <b>-</b>                          | <b>896,959</b>                    | <b>2,523,754</b>               | <b>12,170,165</b>              |
| <b>Fund Balances:</b>                       |                      |                              |                              |                                   |                                   |                                |                                |
| <b>Reserved for:</b>                        |                      |                              |                              |                                   |                                   |                                |                                |
| Advances                                    | -                    | -                            | -                            | -                                 | 3,756,967                         | -                              | 3,756,967                      |
| Inventory                                   | 24,567               | -                            | -                            | -                                 | -                                 | 41,747                         | 66,314                         |
| Prepaid items                               | 291,381              | -                            | -                            | -                                 | -                                 | 76,520                         | 367,901                        |
| Capital projects                            | -                    | -                            | 33,661,336                   | -                                 | -                                 | -                              | 33,661,336                     |
| Unemployment benefits                       | -                    | -                            | -                            | -                                 | -                                 | 161,274                        | 161,274                        |
| Forestry improvement purposes               | -                    | -                            | -                            | -                                 | -                                 | 150,215                        | 150,215                        |
| Debt service funds                          | -                    | -                            | -                            | 1,099,405                         | -                                 | 118,795                        | 1,218,200                      |
| Permanent funds                             | -                    | -                            | -                            | -                                 | 6,988,518                         | -                              | 6,988,518                      |
| <b>Unreserved:</b>                          |                      |                              |                              |                                   |                                   |                                |                                |
| <b>Undesignated, reported in:</b>           |                      |                              |                              |                                   |                                   |                                |                                |
| General fund                                | 9,698,959            | -                            | -                            | -                                 | -                                 | -                              | 9,698,959                      |
| Special revenue funds                       | -                    | 72,538                       | -                            | -                                 | -                                 | 2,453,711                      | 2,526,249                      |
| Capital projects                            | -                    | -                            | -                            | -                                 | -                                 | (113,201)                      | (113,201)                      |
| <b>Total Fund Balances</b>                  | <b>10,014,907</b>    | <b>72,538</b>                | <b>33,661,336</b>            | <b>1,099,405</b>                  | <b>10,745,485</b>                 | <b>2,889,061</b>               | <b>58,482,732</b>              |
| <b>TOTAL LIABILITIES &amp; FUND BALANCE</b> | <b>\$ 16,625,798</b> | <b>\$ 2,203,616</b>          | <b>\$ 33,668,819</b>         | <b>\$ 1,099,405</b>               | <b>\$ 11,642,444</b>              | <b>\$ 5,412,815</b>            | <b>\$ 70,652,897</b>           |

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

**JONES COUNTY SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2007**

**EXHIBIT C-1**

|   |    | <b>Amount</b> |
|---|----|---------------|
| Total Fund Balance - Governmental Funds   | \$ | 58,482,732    |
| Amounts reported for net assets in the statement of net assets are different because:   |    |               |
| 1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$18,913,032. |    | 41,913,662    |
| 2. Other long-term assets are not available for current-period expenditures and therefore are deferred in the funds.  |    | 228,949       |
| 3. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.   |    | (56,693,007)  |
| 4. Interest accrued on long-term liabilities.   |    | (497,112)     |
| 5. Revenues earned but unavailable from Sixteenth Section Sources.  |    | 4,670         |
| Total Net Assets - Governmental Activities  | \$ | 43,439,894    |

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

**JONES COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

EXHIBIT D

|  | MAJOR FUNDS          |                              |                              |                                   |                                   |                                | Total<br>Governmental<br>Funds |
|--|----------------------|------------------------------|------------------------------|-----------------------------------|-----------------------------------|--------------------------------|--------------------------------|
|  | General<br>Fund      | Hurricane<br>Katrina<br>Fund | Bond<br>Construction<br>Fund | State Aid<br>Debt Service<br>Fund | 16th Section<br>Principal<br>Fund | Other<br>Governmental<br>Funds |                                |
| <b>REVENUES</b>  |                      |                              |                              |                                   |                                   |                                |                                |
| Local Sources  | \$ 14,224,344        | \$ 592                       | \$ 441,587                   | \$ 13,622                         | \$ 94,703                         | \$ 1,756,805                   | \$ 16,531,653                  |
| State Sources  | 35,031,765           | -                            | -                            | 1,201,316                         | -                                 | 1,288,781                      | 37,521,862                     |
| Federal Sources  | 941,986              | -                            | -                            | -                                 | -                                 | 6,815,553                      | 7,757,539                      |
| Sixteenth Section  | -                    | -                            | -                            | -                                 | 2,269,088                         | 575,253                        | 2,844,341                      |
| <b>TOTAL REVENUES</b>  | <u>50,198,095</u>    | <u>592</u>                   | <u>441,587</u>               | <u>1,214,938</u>                  | <u>2,363,791</u>                  | <u>10,436,392</u>              | <u>64,655,395</u>              |
| <b>EXPENDITURES</b>  |                      |                              |                              |                                   |                                   |                                |                                |
| Instruction  | 31,472,931           | 7,374                        | -                            | -                                 | -                                 | 5,220,344                      | 36,700,649                     |
| Support Services   | 16,619,990           | 1,242,777                    | -                            | -                                 | -                                 | 1,906,419                      | 19,769,186                     |
| Noninstructional Services                                    | 2,426                | -                            | -                            | -                                 | -                                 | 3,375,651                      | 3,378,077                      |
| Sixteenth Section  | -                    | -                            | -                            | -                                 | 549,275                           | 79,452                         | 628,727                        |
| Facilities Acquisition & Const.                              | -                    | 1,082,509                    | 364,494                      | -                                 | -                                 | 3,520,236                      | 4,967,239                      |
| Debt Service:  |                      |                              |                              |                                   |                                   |                                |                                |
| Principal  | 18,999               | -                            | -                            | 450,000                           | -                                 | 666,175                        | 1,135,174                      |
| Interest   | 153,469              | -                            | -                            | 674,704                           | -                                 | 307,172                        | 1,135,345                      |
| <b>TOTAL EXPENDITURES</b>                                    | <u>48,267,815</u>    | <u>2,332,660</u>             | <u>364,494</u>               | <u>1,124,704</u>                  | <u>549,275</u>                    | <u>15,075,449</u>              | <u>67,714,397</u>              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>1,930,280</u>     | <u>(2,332,068)</u>           | <u>77,093</u>                | <u>90,234</u>                     | <u>1,814,516</u>                  | <u>(4,639,057)</u>             | <u>(3,059,002)</u>             |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                      |                              |                              |                                   |                                   |                                |                                |
| Bond Proceeds  | -                    | -                            | 33,592,965                   | 9,925,000                         | -                                 | 3,407,035                      | 46,925,000                     |
| Sale of other property                                       | 64,423               | -                            | -                            | -                                 | -                                 | -                              | 64,423                         |
| Operating transfers in                                       | 927,323              | -                            | -                            | -                                 | -                                 | 2,462,166                      | 3,389,489                      |
| Insurance Loss Recoveries                                    | 80,254               | 2,204,055                    | -                            | -                                 | -                                 | -                              | 2,284,309                      |
| Other financing sources                                      | 75,971               | -                            | -                            | -                                 | 1,000                             | 512                            | 77,483                         |
| Operating Transfers Out                                      | (1,826,909)          | -                            | (8,747)                      | -                                 | (347,684)                         | (1,206,149)                    | (3,389,489)                    |
| Payment of refunding bond                                    | -                    | -                            | -                            | (9,925,000)                       | -                                 | -                              | (9,925,000)                    |
| Other financing uses   | -                    | -                            | -                            | -                                 | -                                 | (73,301)                       | (73,301)                       |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <u>(678,938)</u>     | <u>2,204,055</u>             | <u>33,584,218</u>            | <u>-</u>                          | <u>(346,684)</u>                  | <u>4,590,263</u>               | <u>39,352,914</u>              |
| <b>NET CHANGE IN FUND BALANCES</b>                           | 1,251,342            | (128,013)                    | 33,661,311                   | 90,234                            | 1,467,832                         | (48,794)                       | 36,293,912                     |
| <b>FUND BALANCE:</b>   |                      |                              |                              |                                   |                                   |                                |                                |
| <b>JULY 1, 2006</b>  | 8,761,139            | 200,551                      | 25                           | 1,009,171                         | 9,277,653                         | 2,959,818                      | 22,208,357                     |
| <b>PRIOR PERIOD ADJUSTMENT</b>                               | -                    | -                            | -                            | -                                 | -                                 | (36,292)                       | (36,292)                       |
| <b>JULY 1, 2006, AS RESTATED</b>                             | 8,761,139            | 200,551                      | 25                           | 1,009,171                         | 9,277,653                         | 2,923,526                      | 22,172,065                     |
| <b>INCREASE (DECREASE) IN RESERVE<br/>FOR INVENTORY</b>      | <u>2,426</u>         | <u>-</u>                     | <u>-</u>                     | <u>-</u>                          | <u>-</u>                          | <u>14,329</u>                  | <u>16,755</u>                  |
| <b>JUNE 30, 2007</b>   | <u>\$ 10,014,907</u> | <u>\$ 72,538</u>             | <u>\$ 33,661,336</u>         | <u>\$ 1,099,405</u>               | <u>\$ 10,745,485</u>              | <u>\$ 2,889,061</u>            | <u>\$ 58,482,732</u>           |

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

**JONES 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**

Net Change in fund balances - governmental funds \$ 36,293,912

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

|  |                     |
|--|---------------------|
| 1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchases amounted to \$6,294,588 and the depreciation amounted to \$1,411,211. The net loss on retirement of assets was \$67,466. | 4,815,410           |
| 2. Revenues in the statement of activities that do not provide current 16th section financial resources are not reported as revenues in the governmental funds.  | (9,314)             |
| 3. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of activity.  | 11,060,174          |
| 4. Issuance cost for long-term liabilities not recorded in the governmental funds, but is deferred and amortized in the statement of activity.   | 131,731             |
| 5. Proceeds of long-term liabilities is reported in the governmental funds, but not in the statement of activity.  | (47,154,020)        |
| 6. Change in interest accrued on long-term liabilities not recorded in the governmental funds, but recorded and expensed in the statement of activity.   | (409,827)           |
| 7. Increase (decrease) in inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are increased (decreased) in the statement of activity.  | 16,755              |
| 8. Gains and losses on the sale or disposals of assets are not reported in the governmental funds, but are reported in the Statement of Activities, net of proceeds.   | 500                 |
| 9. Compensated absences  | <u>(13,741)</u>     |
| Change in net assets of governmental activities  | <u>\$ 4,731,580</u> |

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

**JONES COUNTY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2007**

**EXHIBIT E**

|  | <b>Private-Purpose<br/>Trust Funds</b> | <b>Agency<br/>Funds</b>     |
|--|--|-----------------------------|
|  | <u>                    </u>            | <u>                    </u> |
| <b>ASSETS</b>                            |  |                             |
| Cash and cash equivalents                | \$ -                                   | \$ 313,535                  |
| Investments                              | 20,000                                 | 99                          |
| Receivable                               | 1,000                                  | -                           |
| Due from other funds                     | -                                      | 5,350                       |
|  | <u>                    </u>            | <u>                    </u> |
| <b>TOTAL ASSETS</b>                      | <b>\$ 21,000</b>                       | <b>\$ 318,984</b>           |
|  | <u>                    </u>            | <u>                    </u> |
| <b>LIABILITIES</b>                       |  |                             |
| Accounts payable and accrued liabilities | \$ -                                   | \$ 6,461                    |
| Due to other funds                       | 1,000                                  | 129,353                     |
| Due to student clubs                     | -                                      | 183,170                     |
|  | <u>                    </u>            | <u>                    </u> |
| <b>TOTAL LIABILITIES</b>                 | <b>\$ 1,000</b>                        | <b>\$ 318,984</b>           |
|  | <u>                    </u>            | <u>                    </u> |
| <b>NET ASSETS</b>                        |  |                             |
| Held in trust                            | <u>\$ 20,000</u>                       |                             |
| <b>TOTAL NET ASSETS</b>                  | <b>\$ 20,000</b>                       |                             |
|  | <u>                    </u>            |                             |

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

**JONES COUNTY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2007**

**EXHIBIT F**

|  | <b>Private - Purpose<br/><u>Trust Funds</u></b> |
|--|---|
| <b>ADDITIONS:</b>                                |   |
| Interest on Investments                          | \$ 1,000  |
| Contributions and Donations from private sources | <u>20,000</u>                                   |
| <b>TOTAL ADDITIONS</b>                           | <u>21,000</u>                                   |
| <b>DEDUCTIONS:</b>                               |   |
| Scholarships awarded                             | <u>1,000</u>                                    |
| <b>TOTAL DEDUCTIONS</b>                          | <u>1,000</u>                                    |
| <b>CHANGE IN NET ASSETS</b>                      | 20,000  |
| <b>NET ASSETS:</b>                               |   |
| July 1, 2006                                     | <u>-</u>  |
| June 30, 2007                                    | <u>\$ 20,000</u>                                |

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

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

***(1) Summary of Significant Accounting Policies.***

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

**A. Financial Reporting Entity.**

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

**B. Basis of Presentation.**

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

*Government-wide Financial Statements:*

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

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

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(1) Summary of Significant Accounting Policies. (Continued)**

*Fund Financial Statements:*

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

**C. Measurement Focus and Basis of Accounting.**

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

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Property taxes, state appropriations and federal awards associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. It accounts for all financial resources of the school district, except those required to be accounted for in another fund.

Hurricane Katrina Fund – This fund accounts for the insurance proceeds and expenditures related to repairs to the schools due to Hurricane Katrina.

Bond Construction Fund – This fund accounts for all revenues and expenditures related to the bond construction funds.

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

***(1) Summary of Significant Accounting Policies. (Continued)***

State Aid Debt Service Fund – This fund accounts for the accumulation of resources and payments of debt and debt related expenditures.

Sixteenth Section Principal Fund – This is the fund that accounts for all revenues and expenditures of sixteenth section fund that are nonexpendable.

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

Additionally, the school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

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.

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**

Private-purpose Trust Funds - Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments.

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.

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(1) Summary of Significant Accounting Policies. (Continued)**

**D. Account Classifications.**

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

**E. Encumbrances.**

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

**F. Cash and Cash Equivalents.**

The school district deposits excess funds in the financial institutions selected by the school board. State statutes specify how these depositories are to be selected.

Cash and cash equivalents consist of amounts on deposit in demand accounts and certificates of deposit with original maturities of three months or less. Cash and cash equivalents are valued at cost.

**G. Investments.**

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

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

Investments are reported at fair value.

**H. Inventories and Prepaid Items.**

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis).

The costs of governmental fund type inventories are reported as expenditures when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(1) Summary of Significant Accounting Policies. (Continued)**

**I. Capital Assets.**

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

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

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

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

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

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

**J. Long-term Liabilities.**

Long-term liabilities are the unmatured principal of bonds, warrants, notes, or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments. In the government-wide Statement of Net Assets, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column. See Note 5 for details.

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(1) Summary of Significant Accounting Policies. (Continued)**

**K. Interfund Transactions and Balances.**

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

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

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

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

**L. Equity Classifications.**

*Government-wide Financial Statements:*

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

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

*Fund Financial Statements:*

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

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

***(1) Summary of Significant Accounting Policies. (Continued)***

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

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

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

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

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

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

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

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

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

**M. Property Taxes.**

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

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

***(1) Summary of Significant Accounting Policies. (Continued)***

**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.

**P. Other Significant Accounting Policies.**

The Debt Service Funds for long-term debt issued prior to April 15, 1986, under the provisions of Section 37-59-101, Miss. Code Ann. (1972), et seq., and prior to March 3, 1987, under the provisions of Section 37-59-1, Miss. Code Ann. (1972), et seq., are maintained by the governing authority of the county and are not included in the government-wide financial statements of the school district. The borrowing of money by the issuance of the debt referred to above was a function of the governing authority of the county prior to April 15, 1986, or March 3, 1987, as the case may be.

In our state, school boards and superintendents had no responsibility in connection with the debt issued before the dates referred to above. The payment of this debt is an obligation of the governing authority of the county who is acting for the school district.

In connection with any debt issued subsequent to the dates referred to above, the school board is responsible for the issuance and maintenance of school district related debt.

***(2) Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments.***

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

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

***(2) Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments. (Continued)***

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

**Investments.** Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest surplus funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government or enumerated agency of the United States; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or interest in, and open-end or closed-end any management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and

**Administration.** Investment income on bond funds (Capital Projects Funds), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Amounts less than \$100 can be credited to the General Fund.

**Cash and Cash Equivalents.**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$49,413,667 and \$313,535, respectively. The carrying amount of deposits reported in the government-wide financial statements was: cash and cash equivalents - \$43,460,978 and restricted assets - \$7,576,754. The restricted assets of \$7,576,754 represent the cash balance and investment balance of the Sixteenth Section Principal Fund (Permanent Fund) of \$5,952,689 and \$1,624,066 which is legally restricted and may not be used for purposes that support the district's programs. The bank balance was \$54,984,930.

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(2) Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments. (Continued)**

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2007, none of the district's bank balance of \$54,984,930 was exposed to custodial credit risk.

**Cash with Fiscal Agents.**

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$498,747.

**Investments.**

As of June 30, 2007, all of the district's investments were in the Mississippi Education Investment Pool held at Bancorp South Investment Services, Inc.

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

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

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. All of the district's investments are held by the investment's counterparty, not in the name of the district.

*Concentration of Credit Risk.* Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2007, all of the district's investments were in an external investment pool.

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(3) Interfund Transactions and Balances.**

The following is a summary of interfund transactions and balances:

**A. Due To/Due froms**

|                                  | Due To             | Due From            |
|----------------------------------|--------------------|---------------------|
| Governmental funds:              |                    |                     |
| General fund                     | \$ 485,934         | \$ 4,170,510        |
| Hurricane Katrina fund           | 2,109,541          | -                   |
| Sixteenth section principal fund | 347,684            | 293,501             |
| Other governmental funds:        | 1,990,978          | 595,129             |
| Fiduciary funds:                 | <u>130,353</u>     | <u>5,350</u>        |
| Totals                           | <u>\$5,064,490</u> | <u>\$ 5,064,490</u> |

The amounts due to or from other funds represent amounts advanced or received for timing differences between revenues and expenditures and cash balances.

|   | Advances From      | Advances To         |
|---|--------------------|---------------------|
| <b>B. Advances From/To Other Funds:</b> |                    |                     |
| Governmental funds:                     |                    |                     |
| General fund                            | \$3,756,967        | \$ -                |
| Sixteenth section principal fund        | <u>-</u>           | <u>3,756,967</u>    |
| Totals                                  | <u>\$3,756,967</u> | <u>\$ 3,756,967</u> |

The sixteenth section principal loans payable is not reflected on the Statement of Net Assets because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions were reflected on Exhibit D-1.

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

| Year Ending | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>     |
|-------------|---------------------|-------------------|------------------|
| June 30     |                     |                   |                  |
| 2008        | \$ 367,271          | \$ 150,279        | 517,550          |
| 2009        | 347,271             | 135,588           | 482,859          |
| 2010        | 345,271             | 121,697           | 466,968          |
| 2011        | 345,271             | 107,886           | 453,157          |
| 2012        | 325,271             | 94,075            | 419,346          |
| 2013-2017   | 1,405,048           | 280,656           | 1,685,704        |
| 2018-2022   | 518,814             | 77,594            | 596,408          |
| 2023-2025   | <u>102,750</u>      | <u>6,149</u>      | <u>108,899</u>   |
| Total       | <u>\$ 3,756,967</u> | <u>\$ 973,924</u> | <u>4,730,891</u> |

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(3) Interfund Transactions and Balances. (Continued)**

C. Transfers in/out:

|                                  | Transfers In           | Transfers Out           |
|----------------------------------|------------------------|-------------------------|
| Governmental funds:              |                        |                         |
| General fund                     | \$ 927,323             | \$ 1,826,909            |
| Bond construction fund           | -                      | 8,747                   |
| Sixteenth section principal fund | -                      | 347,684                 |
| Other governmental funds:        | <u>2,462,166</u>       | <u>1,206,149</u>        |
| <br>Totals                       | <br><u>\$3,389,489</u> | <br><u>\$ 3,389,489</u> |

The transfers represent board approved operating transfers for school operations and planning purposes.

**(4) Capital Assets.**

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

|   | <u>Balance</u><br><u>6/30/2006</u> | <u>Additions</u>        | <u>Retirements</u>   | <u>Adjustments</u>   | <u>Balance</u><br><u>6/30/2007</u> |
|---|------------------------------------|-------------------------|----------------------|----------------------|------------------------------------|
| <u>Non-depreciable capital assets:</u>          |                                    |                         |                      |                      |                                    |
| Land  | \$ 581,969                         | \$ 287,000              | \$ -                 | \$ 1                 | \$ 868,970                         |
| Construction in progress                        | -                                  | <u>5,078,159</u>        | -                    | -                    | <u>5,078,159</u>                   |
| Total non-depreciable                           | <u>581,969</u>                     | <u>5,365,159</u>        | -                    | <u>1</u>             | <u>5,947,129</u>                   |
| <br><u>Depreciable capital assets:</u>          |                                    |                         |                      |                      |                                    |
| Buildings                                       | 42,732,297                         | -                       | 52,997               | -                    | 42,679,300                         |
| Building improvements                           | 6,452,391                          | -                       | -                    | -                    | 6,452,391                          |
| Mobile equipment                                | 2,990,696                          | 338,088                 | 110,182              | -                    | 3,218,602                          |
| Furniture and equipment                         | <u>1,874,850</u>                   | <u>591,341</u>          | <u>78,655</u>        | <u>141,736</u>       | <u>2,529,272</u>                   |
| Total depreciable capital assets                | <u>54,050,234</u>                  | <u>929,429</u>          | <u>241,834</u>       | <u>141,736</u>       | <u>54,879,565</u>                  |
| <br>Less Accumulated Depreciation for:          |                                    |                         |                      |                      |                                    |
| Buildings                                       | 13,040,512                         | 701,629                 | 19,079               | (18,272)             | 13,704,790                         |
| Building improvements                           | 914,222                            | 236,501                 | -                    | (1)                  | 1,150,722                          |
| Mobile equipment                                | 2,146,682                          | 152,174                 | 83,643               | (21,079)             | 2,194,134                          |
| Furniture and equipment                         | <u>1,510,055</u>                   | <u>320,907</u>          | <u>71,646</u>        | <u>104,070</u>       | <u>1,863,386</u>                   |
| Total Accumulated Depreciation                  | <u>17,611,471</u>                  | <u>1,411,211</u>        | <u>174,368</u>       | <u>64,718</u>        | <u>18,913,032</u>                  |
| <br>Total Depreciable Capital Assets, Net       | <br><u>36,438,763</u>              | <br><u>(481,782)</u>    | <br><u>67,466</u>    | <br><u>77,018</u>    | <br><u>35,966,533</u>              |
| <br>Governmental Activities Capital Assets, Net | <br><u>\$37,020,732</u>            | <br><u>\$ 4,883,377</u> | <br><u>\$ 67,466</u> | <br><u>\$ 77,019</u> | <br><u>\$41,913,662</u>            |

Adjustments to capital assets and accumulated depreciation were made due to a prior period adjustment; see Note 11 for more information.

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(4) Capital Assets. (Continued)**

Depreciation expense was charged to the following governmental functions

|                                | <u>Amount</u>   |
|--------------------------------|-----------------|
| Instruction                    | \$1,012,861     |
| Support Services               | 379,989         |
| Noninstructional               | 18,361          |
| <br>Total depreciation expense | <br>\$1,411,211 |

The capital assets above include significant amounts of buildings and furniture and fixtures which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition.

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

|                            | <u>Remaining<br/>Commitment</u> | <u>Required<br/>Future<br/>Financing</u> |
|----------------------------|---------------------------------|--|
| Glade Roof                 | \$131,822                       | \$ -                                     |
| Moselle Elementary         | 914,730                         | -  |
| East/West Jones Elementary | 550,931                         | -  |
| Northeast High School      | 6,541,600                       | -  |
| North Jones Elementary     | 9,341,435                       | -  |
| South Jones Elementary     | 5,098,601                       | -  |
| South Jones High School    | 6,791,720                       | -  |
| West Jones High School     | 6,685,698                       | -  |
| Sharon Gym                 | 643,856                         | -  |
| Total                      | \$36,700,393                    | \$ -                                     |

**(5) Long-term Liabilities.**

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

|                                     | <u>Balance<br/>7/1/2006</u> | <u>Additions</u> | <u>Reductions</u> | <u>Adjustments</u> | <u>Balance<br/>6/30/2007</u> | <u>Amounts due<br/>within one<br/>year</u> |
|-------------------------------------|-----------------------------|------------------|-------------------|--------------------|------------------------------|--|
| A. General obligation bonds payable | \$ 2,285,000                | \$ 37,000,000    | \$ 240,000        | -                  | \$ 39,045,000                | \$ 1,130,000                               |
| B. Limited obligation bonds payable | 11,295,000                  | 9,925,000        | 10,375,000        | -                  | 10,845,000                   | 600,000                                    |
| C. Three mill notes payable         | 6,145,000                   | -                | 330,000           | -                  | 5,815,000                    | 335,000                                    |
| D. Shortfall notes payable          | 194,229                     | 229,020          | 96,175            | -                  | 327,074                      | 171,841                                    |
| E. Obligations under capital lease  | 52,005                      | -                | 18,999            | -                  | 33,006                       | 19,598                                     |
| F. Compensated absences payable     | 614,186                     | 13,741           | -                 | -                  | 627,927                      | -  |
| Total                               | \$ 20,585,420               | \$ 47,167,761    | \$ 11,060,174     | \$ -               | \$ 56,693,007                | \$ 2,256,439                               |

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(5) Long-term Liabilities. (Continued)**

**A. General Obligation Bonds Payable**

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

| <u>Description</u>           | <u>Interest<br/>Rate</u> | <u>Issue<br/>Date</u> | <u>Maturity<br/>Date</u> | <u>Amount<br/>Issued</u> | <u>Amount<br/>Outstanding</u> |
|------------------------------|--------------------------|-----------------------|--------------------------|--------------------------|-------------------------------|
| 2003 Refunding Bonds (COP)   | 1.25% - 4.2%             | 8/28/2003             | 2/1/2016                 | \$ 2,410,000             | \$ 1,955,000                  |
| 2003 Refunding Bonds (Glade) | 1.25% - 4.2%             | 8/28/2003             | 2/1/2016                 | 345,000                  | 90,000                        |
| 2007 G.O. Bonds              | 3.25% - 4.625%           | 4/1/2007              | 10/1/2025                | <u>37,000,000</u>        | <u>37,000,000</u>             |
| Total                        |                          |                       |                          | <u>\$ 39,755,000</u>     | <u>\$ 39,045,000</u>          |

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

| <u>Year Ending<br/>June 30</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>         |
|--------------------------------|---------------------|---------------------|----------------------|
| 2008                           | \$ 1,130,000        | \$ 1,626,521        | \$ 2,756,521         |
| 2009                           | 1,195,000           | 1,578,090           | 2,773,090            |
| 2010                           | 1,300,000           | 1,523,678           | 2,823,678            |
| 2011                           | 1,460,000           | 1,462,834           | 2,922,834            |
| 2012                           | 1,565,000           | 1,372,133           | 2,937,133            |
| 2013-2017                      | 9,445,000           | 5,816,809           | 15,261,809           |
| 2018-2022                      | 12,150,000          | 3,320,344           | 15,470,344           |
| 2023-2027                      | <u>10,800,000</u>   | <u>673,500</u>      | <u>11,473,500</u>    |
| Total                          | <u>\$39,045,000</u> | <u>\$17,373,909</u> | <u>\$ 56,418,909</u> |

The amount of bonded indebtedness that can be incurred by the school district is limited by state statute. Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in state statutes, have been met. As of June 30, 2007, the amount of outstanding bonded indebtedness was equal to 13.44% of property assessments as of August 20, 2006.

This debt will be retired from the 2003 Refunding Debt Service Fund.

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(5) Long-term Liabilities. (Continued)**

**B. Limited Obligation Bonds Payable**

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

| <u>Description</u>                                     | <u>Interest<br/>Rate</u> | <u>Issue<br/>Date</u> | <u>Maturity<br/>Date</u> | <u>Amount<br/>Issued</u> | <u>Amount<br/>Outstanding</u> |
|--|--------------------------|-----------------------|--------------------------|--------------------------|-------------------------------|
| State aid capital improvement<br>2006 Refunding series | 4.0% - 4.25%             | 8/31/2006             | 2/1/2018                 | \$ 9,925,000             | \$ 9,925,000                  |
| State aid capital improvement<br>1997 Series           | 4.4% - 6.25%             | 12/10/1997            | 12/15/2017               | 5,500,000                | -                             |
| State aid capital improvement<br>1998 Series           | 4.3% - 6.0%              | 4/20/1998             | 2/1/2018                 | <u>8,960,000</u>         | <u>920,000</u>                |
| <b>Total</b>   |                          |                       |                          | <u>\$ 24,385,000</u>     | <u>\$ 10,845,000</u>          |

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

| <u>Year Ending<br/>June 30</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>         |
|--------------------------------|---------------------|---------------------|----------------------|
| 2008                           | \$ 600,000          | \$ 427,780          | \$ 1,027,780         |
| 2009                           | 785,000             | 398,465             | 1,183,465            |
| 2010                           | 815,000             | 365,525             | 1,180,525            |
| 2011                           | 850,000             | 332,225             | 1,182,225            |
| 2012                           | 885,000             | 297,525             | 1,182,525            |
| 2013-2017                      | 4,980,000           | 916,725             | 5,896,725            |
| 2018-2022                      | <u>1,930,000</u>    | <u>57,525</u>       | <u>1,987,525</u>     |
| <b>Total</b>                   | <u>\$10,845,000</u> | <u>\$ 2,795,770</u> | <u>\$ 13,640,770</u> |

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

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(5) Long-term Liabilities. (Continued)**

Current Refunding.

On August 31, 2006, the district issued \$9,925,000 in Limited Obligation Bonds with an average interest rate of 4.13% to advance refund \$9,925,000 of outstanding Limited Obligation Bonds with an average interest rate of 5.28%.

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

C. Three mill notes payable

Debt currently outstanding is as follows:

| <u>Description</u>           | <u>Interest<br/>Rate</u> | <u>Issue<br/>Date</u> | <u>Maturity<br/>Date</u> | <u>Amount<br/>Issued</u> | <u>Amount<br/>Outstanding</u> |
|------------------------------|--------------------------|-----------------------|--------------------------|--------------------------|-------------------------------|
| Limited Tax Note Series 2003 | 1.25% - 4.35%            | 8/4/2003              | 10/1/2020                | \$ 6,500,000             | \$ 5,815,000                  |
| Total                        |                          |                       |                          | <u>\$ 6,500,000</u>      | <u>\$ 5,815,000</u>           |

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

| <u>Year Ending<br/>June 30</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
|--------------------------------|---------------------|---------------------|---------------------|
| 2008                           | \$ 335,000          | 218,539             | \$ 553,539          |
| 2009                           | 340,000             | 211,504             | 551,504             |
| 2010                           | 345,000             | 201,504             | 546,504             |
| 2011                           | 355,000             | 189,919             | 544,919             |
| 2012                           | 370,000             | 177,316             | 547,316             |
| 2013-2017                      | 2,075,000           | 668,820             | 2,743,820           |
| 2018-2021                      | <u>1,995,000</u>    | <u>216,771</u>      | <u>2,211,771</u>    |
| Total                          | <u>\$ 5,815,000</u> | <u>\$ 1,884,373</u> | <u>\$ 7,699,373</u> |

This debt will be retired from the Three Mill Refunding Escrow Fund.

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(5) Long-term Liabilities. (Continued)**

D. Shortfall notes payable.

Debt currently outstanding is as follows:

| <u>Description</u> | <u>Interest<br/>Rate</u> | <u>Issue<br/>Date</u> | <u>Maturity<br/>Date</u> | <u>Amount<br/>Issued</u> | <u>Amount<br/>Outstanding</u> |
|--------------------|--------------------------|-----------------------|--------------------------|--------------------------|-------------------------------|
| 2004 Shortfall     | 1.98%                    | 9/23/2004             | 9/23/2007                | \$ 288,524               | \$ 98,053                     |
| 2007 Shortfall     | 3.65% - 4.0%             | 8/13/2007             | 8/13/2010                | <u>229,021</u>           | <u>229,021</u>                |
| Total              |                          |                       |                          | <u>\$ 517,545</u>        | <u>\$ 327,074</u>             |

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

| <u>Year Ending<br/>June 30</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|--------------------------------|-------------------|------------------|-------------------|
| 2008                           | \$ 171,841        | \$ 10,313        | \$ 182,154        |
| 2009                           | 76,248            | 5,899            | 82,147            |
| 2010                           | <u>78,985</u>     | <u>3,160</u>     | <u>82,145</u>     |
| Total                          | <u>\$ 327,074</u> | <u>\$ 19,372</u> | <u>\$ 346,446</u> |

This debt will be retired from the Shortfall Debt Service fund.

E. Obligations under capital leases.

The school district has entered into a lease agreement that qualifies as a capital lease for accounting purposes. Leased property under these leases is composed of communications equipment.

The various options available to the lessee for these leases are as follows:

1. Transfer of ownership

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(5) Long-term Liabilities. (Continued)**

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

| <u>Year Ending</u><br><u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|--------------------------------------|------------------|-----------------|------------------|
| 2008                                 | \$ 19,598        | \$ 749          | \$ 20,347        |
| 2009                                 | <u>13,408</u>    | <u>157</u>      | <u>13,565</u>    |
| Total                                | <u>\$ 33,006</u> | <u>\$ 906</u>   | <u>\$ 33,912</u> |

The school district uses the straight-line method of amortization for the lease payments which is not in accordance with accounting principles generally accepted in the United States of America. However, the difference between the effective interest method and the straight-line method is not considered material.

This debt will be retired from the General Fund.

**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' salaries were paid.

**(6) Defined Benefit Pension Plan.**

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The rate for fiscal year ended June 30, 2007, was 11.30% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2007, 2006 and 2005 were \$3,918,261, \$3,609,371 and \$2,821,821, respectively, which equaled the required contributions for each year.

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(7) Other Commitments.**

Commitments under construction contracts are described in Note 4.

Operating leases:

The school district has several operating leases for the following:

1. drivers ed car

Lease expenditures for the year ended June 30, 2007, amounted to \$15,106. Future lease payments for this lease are as follows:

| <u>Year Ending<br/>June 30</u> | <u>Amount</u>    |
|--------------------------------|------------------|
| 2008                           | \$ 14,603        |
| 2009                           | 9,428            |
| 2010                           | <u>3,928</u>     |
| Total                          | <u>\$ 27,959</u> |

**(8) Sixteenth Section Lands.**

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

| <u>Year Ending<br/>June 30,</u> |                   |
|---------------------------------|-------------------|
| 2008                            | \$ 136,573        |
| 2009                            | 131,126           |
| 2010                            | 121,870           |
| 2011                            | 117,465           |
| 2012                            | <u>111,893</u>    |
|                                 | <u>\$ 618,927</u> |

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**(9) Deficit Fund Balance of Individual Funds.**

A generic fund type listing of the individual funds that have a deficit fund balance, including amounts of the deficit, is as follows:

| <u>Fund</u>                        | <u>Fund Balance</u> |
|------------------------------------|---------------------|
| The Distance Learning Grant fund   | \$36,292            |
| The Bond – Moselle Elementary fund | 26,706              |
| The Bond – EJE/WJE fund            | 86,495              |

The deficit fund balance is in violation of Section 37-61-19, Miss Code Ann. (1972). However, this deficit could have been eliminated with a transfer from the District Maintenance Fund (General Fund). Section 37-61-21, Miss. Code Ann. (1972), allows the school board of the school district,

**(9) Deficit Fund Balance of Individual Funds. (Continued)**

with the assistance from the superintendent, to transfer resources to and from functions and funds within the budget when and where needed under certain circumstances.

**(10) Prior Period Adjustments.**

A summary of significant fund equity adjustments is as follows:

Exhibit B – Statement of Activities

| <u>Explanation(s)</u>                                      | <u>Amount</u>    |
|--|------------------|
| Correction of capital assets and accumulated depreciation. | \$ 77,019        |
|  | <u>\$ 77,019</u> |

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

| <u>Explanation(s)</u>   | <u>Amount</u>      |
|---|--------------------|
| Correction of prior year receivable that will not be collected. | \$ (36,292)        |
|   | <u>\$ (36,292)</u> |

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

***(11) Subsequent Events***

On September 11, 2007 the school district let a contract with architect Landry & Lewis for classroom additions to Moselle Elementary School. These additions are to be paid from bond proceeds. Also, on October 16, 2007 the school district let a contract with Chris Albritton Construction for the new Myrick Gymnasium for \$1,080,000. This is also to be paid from bond proceeds.

***(12) 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. 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.

***(13) Prior Year Defeasance of Debt.***

In prior years, the Jones County School District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the district's financial statements. On June 30, 2007, \$17,785,000 of outstanding bonds (including prior years' refundings) is considered defeased.

***(14) Reclassification.***

The school district has shown Minimum Program State revenue as operating grants and contributions on the government-wide financial statements. In 2007 the revenues are reclassified and shown in unrestricted grants and contributions on the government-wide financial statements. The management discussion and analysis reflects these changes for the year ended June 30, 2006.

**REQUIRED SUPPLEMENTARY INFORMATION**

**JONES COUNTY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

SCHEDULE 1a

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>(GAAP Basis)</u> | <u>Variances<br/>Positive (Negative)</u> |                            |
|--|-------------------------|---------------------|--------------------------------|--|----------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                                | <u>Original<br/>to Final</u>             | <u>Final<br/>to Actual</u> |
| <b>REVENUES</b>  |                         |                     |                                |  |                            |
| Local Sources  | \$ 13,648,094           | \$ 14,233,399       | \$ 14,224,344                  | \$ 585,305                               | \$ (9,055)                 |
| State Sources  | 34,915,805              | 35,033,397          | 35,031,765                     | 117,592                                  | (1,632)                    |
| Federal Sources  | <u>1,389,585</u>        | <u>1,110,613</u>    | <u>941,986</u>                 | <u>(278,972)</u>                         | <u>(168,627)</u>           |
| <b>TOTAL REVENUES</b>  | <u>49,953,484</u>       | <u>50,377,409</u>   | <u>50,198,095</u>              | <u>423,925</u>                           | <u>(179,314)</u>           |
| <b>EXPENDITURES</b>  |                         |                     |                                |  |                            |
| Instruction  | 31,033,575              | 31,482,851          | 31,472,931                     | (449,276)                                | 9,920                      |
| Support Services   | 16,286,647              | 16,815,652          | 16,619,990                     | (529,005)                                | 195,662                    |
| Noninstructional Services                                    | -                       | -                   | 2,426                          | -  | (2,426)                    |
| Facilities Acquisition & Const.                              | -                       | 156,463             | -                              | (156,463)                                | 156,463                    |
| Debt Service:  |                         |                     |                                |  |                            |
| Principal  | -                       | -                   | 18,999                         | -  | (18,999)                   |
| Interest   | <u>1,403,142</u>        | <u>172,468</u>      | <u>153,469</u>                 | <u>1,230,674</u>                         | <u>18,999</u>              |
| <b>TOTAL EXPENDITURES</b>                                    | <u>48,723,364</u>       | <u>48,627,434</u>   | <u>48,267,815</u>              | <u>95,930</u>                            | <u>359,619</u>             |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>1,230,120</u>        | <u>1,749,975</u>    | <u>1,930,280</u>               | <u>(519,855)</u>                         | <u>(180,305)</u>           |
| <b>OTHER FINANCIAL SOURCES (USES)</b>                        |                         |                     |                                |  |                            |
| Other financing sources                                      | 4,568,495               | 5,620,011           | 5,584,905                      | 1,051,516                                | 35,106                     |
| Other financing uses   | <u>(5,718,812)</u>      | <u>(6,262,375)</u>  | <u>(6,263,843)</u>             | <u>(543,563)</u>                         | <u>(1,468)</u>             |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <u>(1,150,317)</u>      | <u>(642,364)</u>    | <u>(678,938)</u>               | <u>507,953</u>                           | <u>33,638</u>              |
| <b>NET CHANGE IN FUND BALANCES</b>                           | 79,803                  | 1,107,611           | 1,251,342                      | 1,027,808                                | 143,731                    |
| <b>FUND BALANCE, JULY 1, 2006,</b>                           | 2,791,693               | 8,812,119           | 8,761,139                      | 6,020,426                                | (50,980)                   |
| Increase (Decrease) in Reserve for Inventory                 | -                       | -                   | 2,426                          | -  | 2,426                      |
| <b>FUND BALANCE, JUNE 30, 2007</b>                           | <u>\$ 2,871,496</u>     | <u>\$ 9,919,730</u> | <u>\$ 10,014,907</u>           | <u>\$ 7,048,234</u>                      | <u>\$ 95,177</u>           |

**JONES COUNTY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE FOR THE HURRICANE KATRINA FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

SCHEDULE 1b

|  | Budgeted Amounts   |                    | Actual<br>(GAAP Basis) | Variances<br>Positive (Negative) |                     |
|--|--------------------|--------------------|------------------------|----------------------------------|---------------------|
|  | Original           | Final              |                        | Original<br>to Final             | Final<br>to Actual  |
|  |                    |                    |                        |                                  |                     |
| <b>REVENUES</b>  |                    |                    |                        |                                  |                     |
| Local Sources  | \$ -               | \$ 592             | \$ 592                 | \$ 592                           | \$ -                |
| State Sources  | -                  | -                  | -                      | -                                | -                   |
| Federal Sources  | -                  | -                  | -                      | -                                | -                   |
| <b>TOTAL REVENUES</b>  | <u>-</u>           | <u>592</u>         | <u>592</u>             | <u>592</u>                       | <u>-</u>            |
| <b>EXPENDITURES</b>  |                    |                    |                        |                                  |                     |
| Instruction  | -                  | 7,375              | 7,374                  | (7,375)                          | 1                   |
| Support Services   | -                  | 68,655             | 1,242,777              | (68,655)                         | (1,174,122)         |
| Noninstructional Services                                    | -                  | -                  | -                      | -                                | -                   |
| Facilities Acquisition & Const.                              | 4,500,000          | 4,424,562          | 1,082,509              | 75,438                           | 3,342,053           |
| Debt Service:  |                    |                    |                        |                                  |                     |
| Principal  | -                  | -                  | -                      | -                                | -                   |
| Interest   | -                  | -                  | -                      | -                                | -                   |
| <b>TOTAL EXPENDITURES</b>                                    | <u>4,500,000</u>   | <u>4,500,592</u>   | <u>2,332,660</u>       | <u>(592)</u>                     | <u>2,167,932</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>(4,500,000)</u> | <u>(4,500,000)</u> | <u>(2,332,068)</u>     | <u>1,184</u>                     | <u>(2,167,932)</u>  |
| <b>OTHER FINANCIAL SOURCES (USES)</b>                        |                    |                    |                        |                                  |                     |
| Other financing sources                                      | 4,500,000          | 4,500,000          | 2,204,055              | -                                | (2,295,945)         |
| Other financing uses   | -                  | -                  | -                      | -                                | -                   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <u>4,500,000</u>   | <u>4,500,000</u>   | <u>2,204,055</u>       | <u>-</u>                         | <u>(2,295,945)</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                           | -                  | -                  | (128,013)              | 1,184                            | (128,013)           |
| <b>FUND BALANCE, JULY 1, 2006</b>                            | <u>200,551</u>     | <u>200,551</u>     | <u>200,551</u>         | <u>-</u>                         | <u>-</u>            |
| <b>FUND BALANCE, JUNE 30, 2007</b>                           | <u>\$ 200,551</u>  | <u>\$ 200,551</u>  | <u>\$ 72,538</u>       | <u>\$ 1,184</u>                  | <u>\$ (128,013)</u> |

**JONES COUNTY SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2007**

Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

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

**SUPPLEMENTAL INFORMATION**

**JONES COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title          | Catalog of<br>Federal Domestic<br>Assistance Number | Federal<br>Expenditures |
|---|---|-------------------------|
| <b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>                        |   |                         |
| Passed-Through Mississippi Dept. of Education:                      |   |                         |
| Non-Cash Assistance   |   |                         |
| Food Donation   | 10.550  | 223,694                 |
| Child Nutrition Cluster   |   |                         |
| School Breakfast Program  | 10.553  | 470,301                 |
| National School Lunch Program                                       | 10.555  | 1,722,398               |
| Total Child Nutrition Cluster                                       |   | <u>2,416,393</u>        |
| Total U.S. Dept. of Agriculture                                     |   | <u>2,416,393</u>        |
| <b><u>FEDERAL COMMUNICATIONS COMMISSION</u></b>                     |   |                         |
| Administered through the Universal Service Administrative Company   |   |                         |
| The schools and libraries program of the universal service fund     | 32.XXX  | <u>790,121</u>          |
| <b><u>U.S. DEPARTMENT OF EDUCATION</u></b>                          |   |                         |
| Passed-Through Mississippi Board of Community and Junior Colleges:  |   |                         |
| Adult Education-state grant program                                 | 84.002  | 99,279                  |
| Passed-Through Mississippi Dept. of Education:                      |   |                         |
| Title I Grants to Local Educational Agencies                        | 84.010  | 1,688,915               |
| Vocational Education - Basic Grants to States                       | 84.048  | 88,109                  |
| Safe and Drug Free Schools and Communities National Programs        | 84.184  | 17,419                  |
| Safe and Drug Free Schools and Communities - State Grants           | 84.186  | 42,794                  |
| State Grants for Innovative Programs                                | 84.298  | 12,108                  |
| Education Technology State Grants                                   | 84.318  | 20,187                  |
| Transition to Teaching  | 84.350  | 320                     |
| Rural Education   | 84.358  | 203,846                 |
| English Language Acquisition Grants                                 | 84.365  | 37,692                  |
| Improving Teacher Quality - State Grants                            | 84.367  | 508,084                 |
| Grants for State Assessments and Related Activities                 | 84.369  | 2,660                   |
| Total   |   | <u>2,622,134</u>        |
| Special Education Cluster:  |   |                         |
| Special Education - Grants to States                                | 84.027  | 1,753,759               |
| Special Education - Preschool Grants                                | 84.173  | 74,004                  |
| Total Special Education Cluster                                     |   | <u>1,827,763</u>        |
| Total Passed-Through MDE  |   | <u>4,449,897</u>        |
| Total U.S. Department of Education                                  |   | <u>4,549,176</u>        |
| <b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>          |   |                         |
| Passed through Mississippi Department of Health and Human Services: |   |                         |
| Medical Assistance Program  | 93.778  | <u>2,498</u>            |
| Total for all Federal Awards  |   | <u>\$ 7,758,188</u>     |

**NOTES TO THE SCHEDULE:**

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

**JONES 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<br/>Student Instructional<br/>Expenditures</u> | <u>General<br/>Administrative</u> | <u>School<br/>Administrative</u> | <u>Other</u>         |
|------------------------------|----------------------|---|-----------------------------------|----------------------------------|----------------------|
| Salaries and fringe benefits | \$ 46,596,392        | \$ 37,043,507   | \$ 595,581                        | \$ 3,322,030                     | \$ 5,635,274         |
| Other                        | <u>21,118,005</u>    | <u>4,956,974</u>  | <u>264,375</u>                    | <u>239,218</u>                   | <u>15,657,438</u>    |
| Total                        | <u>\$ 67,714,397</u> | <u>\$ 42,000,481</u>  | <u>\$ 859,956</u>                 | <u>\$ 3,561,248</u>              | <u>\$ 21,292,712</u> |

**Total number of students                    7,975**

**Cost per student    \$        8,491    \$            5,267    \$            108    \$            447    \$            2,670**

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

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

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

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

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

**REPORTS ON INTERNAL CONTROLS AND COMPLIANCE**

# HOLT & ASSOCIATES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Jones County School District

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

### Internal Control over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the

entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings **2007-1 and 2007-2** to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above in Findings **2007-1 and 2007-2** to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the school district in a separate letter dated November 30, 2007, which is included in this report.

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

*Holt + Associates P.C.*

November 30, 2007

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

Superintendent and School Board  
Jones County School District

### Compliance

We have audited the compliance of the Jones County School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The school district's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

In our opinion, Jones County School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding **2007-3**.

## Internal Control over Compliance

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

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

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

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

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

Holt + Associates PLLC

November 30, 2007

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

# HOLT & ASSOCIATES, PLLC

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

Superintendent and School Board  
Jones County School District

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

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3) (a) (iii), Miss. Code Ann. (1972), disclosed the following instance(s) of noncompliance. The noncompliance is reported in finding number one below. The district reported \$897 of classroom supply funds carried over from previous years.

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

The results of our procedures performed to test compliance with the requirements of Section 37-9-18(3) (b), Miss. Code Ann. (1972), disclosed the following instances of noncompliance related to incorrect or in appropriate functional level expenditure coding. The noncompliance is reported in finding number four below.

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

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

**Finding #1:**

In two instances, educational enhancement funds were used for athletic supplies.

**Recommendation:**

In accordance with Section 31-61-33(3) (a) (iii), Miss. Code Ann. (1972), the Classroom Supplies and Instructional Materials Funds may only be used for the acquisition of classroom, supplies, instructional materials and/or equipment. Teachers spending plans should be reviewed before approval to ensure that all purchases are in accordance with the law.

**District Response:**

The district will review all purchases by teachers from education enhancement funds to assure compliance with statute and state board policy.

**Finding #2:**

Financial Statements were not presented monthly.

**Recommendation:**

In accordance with Section 37-9-18, Miss. Code Ann. (1972), the superintendent should furnish to the school board a financial statement of receipts and disbursements, by funds, on or before the last working day of the following month covering the prior month.

**District Response:**

Financial statements are currently being presented to the school board monthly.

**Finding #3:**

Expenditures for the repairs of school buildings were incorrectly coded to facilities acquisition and construction rather than support services-operation and maintenance of plant. These expenditures were all related to repairs from Hurricane Katrina.

**Recommendation:**

In accordance with Section 37-9-18(3)(b) coding of expenditures should be correct and appropriate at the functional level.

District Response:

Expenditures relating to repairs of the district's facilities as a result of Hurricane Katrina were not coded to the same category as regular facility repairs so as to not give the indication on any financial statement or report that building repairs from regular operations were of that significant amount. It is the opinion of the district that Hurricane Katrina repairs should be excluded from the reporting of regular building repairs., and should be reported as an extraordinary item or other financing use.

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

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

*Holt & Associates PLLC*

November 30, 2007

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JONES COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Section 1: Summary of Auditor's Results**

Financial Statements:

- |  |             |
|--|-------------|
| 1. Type of auditor's report issued on the financial statements:                              | Unqualified |
| 2. Material noncompliance relating to the financial statements?                              | No          |
| 3. Internal control over financial reporting:  |             |
| a. Material weakness(es) identified?   | Yes         |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | No          |

Federal Awards:

- |  |             |
|--|-------------|
| 4. Type of auditor's report issued on compliance for major federal programs:   | Unqualified |
| 5. Internal control over major programs:   |             |
| a. Material weakness(es) identified?   | No          |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses?                                     | No          |
| 6. Any audit finding(s) reported as required by Section __.510 (a) of Circular A-133?  | Yes         |
| 7. Federal programs identified as major programs:  |             |
| a. Child Nutrition Cluster<br>School Breakfast Program (SBP), CFDA #10.553<br>National School Lunch Program (NSLP), CFDA #10.555 |             |
| b. Title I Grants to Local Educational Agency, CFDA #84.010  |             |
| 8. The dollar threshold used to distinguish between type A and type B programs:  | \$300,000   |
| 9. Auditee qualified as a low-risk auditee?  | Yes         |

**JONES COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

10. Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section \_\_\_\_315 (B) of OMB Circular A-133?

No

**Section 2: Financial Statement Findings:**

**Finding 2007-1**

Condition: Additions to capital assets were not added to the subsidiary ledger and the depreciation schedule. Also, the depreciation schedule has not been calculated correctly. Assets additions were added and depreciation was recalculated as part of the audit procedures.

Criteria: Internal controls should be in place to ensure that all additions to capital assets are properly included in the subsidiary ledger and the depreciation schedule, and that depreciation is being calculated correctly.

Effect: Depreciation was computed incorrectly and the subsidiary ledger does not reflect all capital assets of the school district.

Recommendation: Procedures should be in place to ensure that all additions to capital assets are correctly and timely recorded in the subsidiary ledger and that depreciation is being calculated correctly.

**Finding 2007-2:**

Condition: An employee was making personal purchases at Wal-mart.

Criteria: Internal controls should be in place to ensure that all purchases are approved by a signed requisition and an approved purchase order. All invoices should be reconciled to the approved purchase order before payment.

Effect: Purchases were made without authorization for items that were not for the purposes of the school district.

Recommendation: Reconcile all invoices to approval before payment.

**JONES COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Section 3: Federal Award Findings and Questioned Costs**

**Finding 2007-3:**

Federal Program: Child Nutrition: CFDA # 10.553 and 10.555

Compliance Requirement: Eligibility

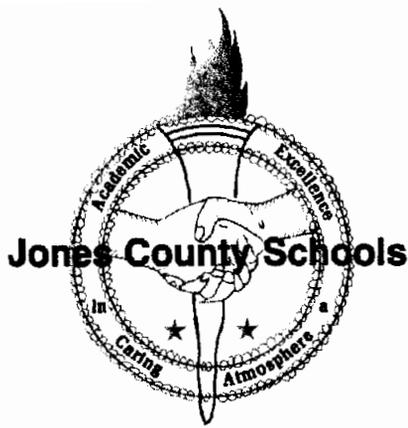
Condition: In testing forty applications for control procedures over eligibility, the following exceptions were noted: two applications were incorrect.

Criteria: Income limits provided by the federal government determine eligibility for children to eat free or reduced meals.

Effect: Children were given free/reduced lunches when they were not eligible based on income limits.

Recommendation: Management of the school district food service department should closely review the applications.

**AUDITEE'S CORRECTIVE ACTION PLAN AND  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**



Thomas C. Price  
Superintendent of Education  
5204 HWY 11 North  
Ellisville, MS 39437  
Telephone (601) 649-5201  
Fax (601) 649-1613

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AUDITEE'S CORRECTIVE ACTION PLAN  
AND  
SCHEDULE OF PRIOR AUDIT FINDINGS

As required by Section \_\_\_\_.315(b) of OMB Circular A-133, the Jones 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>  |
|-----------------|---|
| 07-1:           | <p>a. Name of Contact Person Responsible for Corrective Action:<br/>William J. Landrum, Asst. Superintendent of Purchasing<br/>(601) 649-5201</p> <p>b. Corrective Action Planned:<br/>Procedures will be implemented to ensure that capital assets are recorded when purchased or constructed, and that depreciation on capital assets is correctly calculated.</p> <p>c. Anticipated Completion Date:<br/>Already completed.</p>  |
| 07-2:           | <p>a. Name of Contact Person Responsible for Corrective Action:<br/>Scott L. Lewis, Asst. Superintendent of Business Operations<br/>(601) 649-5201</p> <p>d. Corrective Action Planned:<br/>The employee making personal purchase no longer has purchasing authority. The amount of personal purchases has been repaid. All supervisors will review purchases made within their department when general supplies are requisitioned, and sign documentation to indicate the appropriateness of the purchase.</p> |

- e. Anticipated Completion Date:  
Already completed.
- 07-3:
- a. Name of Contact Person Responsible for Corrective Action:  
Dwain Strickland, Asst. Superintendent of Child Nutrition and  
Wellness (601) 649-5201
  - f. Corrective Action Planned:  
Eligibility applications will be reviewed to verify the correct  
determination of eligibility.
  - g. Anticipated Completion Date:  
Already completed.

As required by Section \_\_\_\_ .315(b) of OMB Circular A-133, the Jones County School District has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2006:

| <u>Finding:</u> | <u>Corrective Action Taken:</u> |
|-----------------|---------------------------------|
| 2006-1:         | Repeat finding.                 |
| 2006-2:         | Corrective action was taken.    |