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OKOLONA SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2007

OKOLONA SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Superintendent and School Board
Okolona School District

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Okolona 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 Okolona School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 6 through 13 and the Budgetary Comparison Schedule and corresponding notes on pages 44 through 47 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires 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 Okolona 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.

November 30, 2007
Tupelo, Mississippi

J. E. Vance & Company

MANAGEMENT'S DISCUSSION AND ANALYSIS

OKOLONA SCHOOL DISTRICT
MANAGAMENT'S DICUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

The discussion and analysis of Okolona School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets for 2007 increased $131,818, which represents an 8% increase from fiscal year 2006. Total net assets for 2006 increased $110,676, which represents a 7% decrease from fiscal year 2005.

- General revenues account for $5,389,474 and $5,288,642 in revenue, or 74% of total revenues for fiscal year 2007 and 70% of total revenues for 2006. Program specific revenues in the form of charges for services and grants and contributions accounted for $1,930,202 or 26% of total revenues for 2007 and $2,239,912 or 30% of total revenues for 2006.

- The District had $7,182,348 and $7,413,314 in expenses for fiscal years 2007 and 2006; only $1,930,202 for 2007 and $2,239,912 for 2006 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of $5,389,474 for 2007 and $5,288,642 for 2006 were adequate to provide for these programs.

- Among major funds, the General Fund had $5,279,276 in revenues and $5,303,955 in expenditures for 2007 and $5,189,098 in revenues and $5,169,256 in expenditures for 2006. The General Fund's fund balance decreased $79,333 from 2006 to 2007, and increased $105,854 from 2005 to 2006.

- Capital assets, net of accumulated depreciation, increased by $448,047 for 2006 and increased by $179,078 for 2006.

- Long-term debt decreased by $211,564 for 2007 and increased by $687,079 for 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.

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

The government-wide financial statements can be found on pages 15 and 16 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 school district's operations.

Because the focus of governmental funds is narrower that 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 18 and 20, respectively, of this report.

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 17 and 19 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 accounting is used for fiduciary funds. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The school district's fiduciary activities are presented in separate Statements of Fiduciary Net Assets on page 21.

Notes to the financial statements. The notes provide additional information that is essential to have a full understanding of the data provided in the government-wide and fund financial statements. 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 42 - 46 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 48 - 50 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 $1,745,461 as of June 30, 2007 and by $1,613,643 as of June 30, 2006.

By far the largest portion of the District's net assets (54% for 2007 and 18% for 2006) reflects its investment in capital assets (e.g., land, 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.

The following table presents a summary of the District's net assets as of June 30, 2007 and 2005, respectively.

	Net Assets			
	June 30, 2007	June 30, 2006	$ Variance	%
Current assets	$ 990,409	$ 1,613,208	(622,799)	-38.61%
Capital assets, net	3,193,674	2,745,627	448,047	16.32%
Total assets	4,184,083	4,358,835	(174,752)	-4.01%
Current liabilities	145,326	240,332	95,006	39.53%
Long-term debt outstanding	2,293,296	2,504,860	211,564	8.45%
Total liabilities	2,438,622	2,745,192	306,570	11.17%
Net assets:				
Invested in capital assets, net of related debt	947,427	287,968	(659,459)	-229.00%
Restricted	457,484	905,944	448,460	49.50%
Unrestricted	340,550	419,731	79,181	18.86%
Total net assets	$ 1,745,461	$ 1,613,643	(131,818)	-8.17%

There were no significant current year transactions that had an impact on the Statement of Net Assets.

Changes in net assets. The District's total revenues for the fiscal years ended June 30, 2007 and 2006 were $7,319,676 and $7,528,554, respectively. The total cost of all programs and services was $7,182,348 and $7,413,314 for 2007 and 2006, respectively. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2007 and 2006, respectively.

	Change in Net Assets			
	June 30, 2007	June 30, 2006	$ Variance	%
Revenues:				
Program revenues:				
Charges for services	$ 143,800	$ 154,420	(10,620)	-6.88%
Operating grants and contributions	1,723,144	2,019,006	(295,862)	-14.65%
Capital grants and contributions	63,258	66,486	(3,228)	-4.86%
General revenues:				
Property taxes	944,133	1,047,826	(103,693)	-9.90%
Grants and contributions not restricted	4,389,039	4,181,541	207,498	4.96%
Investment earnings not restricted	37,968	38,490	(522)	-1.36%
Other	18,334	20,785	(2,451)	-11.79%
Total revenues	7,319,676	7,528,554	(208,878)	-2.77%
Expenses:				
Instruction	4,276,801	4,499,384	(222,583)	-4.95%
Support services	2,470,254	2,266,598	203,656	8.99%
Non-instructional	331,301	564,370	(233,069)	-41.30%
Interest on long-term liabilities	103,992	82,962	21,030	25.35%
Total expenses	7,182,348	7,413,314	(230,966)	-3.12%
Increase (decrease) in net assets	$ 137,328	$ 115,240	22,088	19.17%

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.

	2007		2006	
	Total Expenses	Net (Expense) Revenue	Total Expenses	Net (Expense) Revenue
Instruction	$ 4,276,801	$ (3,240,995)	$ 4,499,384	$ (3,118,276)
Support services	2,470,254	(2,052,263)	2,266,598	(1,832,524)
Non-instructional	331,301	145,104	564,370	(139,640)
Interest on long-term liabilities	103,992	(103,992)	82,962	(82,962)
Total expenses	$ 7,182,348	$ (5,252,146)	$ 7,413,314	$ (5,173,402)

- Net cost of governmental activities ($5,252,146 for 2007 and $5,173,402 for 2006), was financed by general revenue, which is made up of primarily property taxes ($944,133 for 2007 and $1,047,826 for 2006) and state revenue ($4,346,610 for 2007 and $4,131,871 for 2006).
- Investment earnings accounted for $37,968 and $38,490 of funding for 2007 and 2006, respectively.

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 $872,636 for 2007, a decrease of $527,915 from 2006, and $1,400,551 for 2006, an increase of $617,552 from 2005. $478,051 or 55% for 2007 and $711,898 or 51% for 2006 of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of $394,585 or 45% for 2007 and $688,653 or 49% for 2006 is reserved or designated to indicate that it is not available for spending because it has already been committed. The areas of commitment are as follows:

	2007	2006
Inventory	$ 12,194	$ 9,582
Unemployment Benefits	15,980	18,214
Debt Service	185,880	177,289
Permanent Fund Purposes	25,438	25,170
Capital Projects Funds	155,093	458,398
Total assets	$ 394,585	$ 688,653

The General Fund is the principal operating fund of the District. The fund balance in the General Fund showed a decrease of $79,333 for 2007 and an increase of $105,854 for 2006. The fund balance of Other Governmental Funds showed a decrease for 2007 and 2006.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The District's total capital assets were $5,522,470 for 2007 and $5,021,451 for 2006, including school buildings, busses, other school vehicles and furniture and equipment. This amount represents an increase of $501,019 from 2006 to 2007 and an increase of $282,556 from 2005 to 2006. Total accumulated depreciation was $2,328,796 for 2007 and $2,275,824 for 2006. Total depreciation expense was $116,743 for 2007 and $103,478 for 2006, resulting in total net assets of $3,193,674 for 2007 and $2,745,627 for 2006.

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

Debt Administration. At June 30, 2007, the District had $2,293,296 in long-term debt outstanding, of which $220,303 is due within one year.

The District maintains a AAA bond rating.

Additional information of the District's long-term debt can be found in Note 5 on pages 34 - 38 of this report.

CURRENT ISSUES

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

The District has committed itself to financial excellence for many years. The District system of financial planning, budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Okolona School District, P. O. Box 510 or 503 West Main, Okolona, MS 38860.

FINANCIAL STATEMENTS

OKOLONA SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2007

		Exhibit A
		Primary Government
		Governmental Activities
Assets		
Cash and cash equivalents	$	709,771
Investments		39,311
Due from other governments		203,695
Inventories and prepaid items		12,194
Restricted assets		25,438
Capital assets, not being depreciated:		
Land		77,760
Capital assets, net of accumulated depreciation:		
Buildings		2,803,661
Mobile equipment		181,428
Furniture and equipment		130,825
Total Assets	$	4,184,083
Liabilities		
Accounts payable and accrued liabilities	$	48,609
Interest payable on long-term liabilities		27,553
Deferred revenue		69,164
Long-term liabilities, due within one year		
Capital related liabilities		220,303
Long-term liabilities, due beyond one year		
Capital related liabilities		2,025,944
Non-capital related liabilities		47,049
Total Liabilities	$	2,438,622
Net Assets		
Investment in capital assets, net of related debt	$	947,427
Restricted net assets:		
Expendable:		
School-based activities		102,646
Debt service		158,327
Capital improvements		155,093
Unemployment benefits		15,980
Non-expendable:		
Other		25,438
Unrestricted		340,550
Total Net Assets	$	1,745,461

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

OKOLONA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Exhibit B

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction	$ 4,276,801	114,969	863,113	57,724	(3,240,995)
Support services	2,470,254		412,457	5,534	(2,052,263)
Non-instructional	331,301	28,831	447,574		145,104
Interest on long-term liabilities	103,992				(103,992)
Total Governmental Activities	$ 7,182,348	143,800	1,723,144	63,258	(5,252,146)

General Revenues:	
Taxes:	
General purpose levies	887,582
Debt purpose levies	56,551
Unrestricted grants and contributions:	
State	4,346,610
Federal	42,429
Unrestricted investment earnings	37,968
Other	18,334
Total General Revenues	5,389,474
Change in Net Assets	137,328
Net Assets - Beginning	1,613,643
Prior Period Adjustments	(5,510)
Net Assets - Beginning - Restated	1,608,133
Net Assets - Ending	$ 1,745,461

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

OKOLONA SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2007

Exhibit C

		Major Funds						
		General Fund	School Food Service	Summer Feeding 2007	Building Improvement & Trans.	MAEP Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	$	327,431	106,876	10,231	132,990		157,681	735,209
Investments		9,000				25,206	5,105	39,311
Due from other governments		80,611		14,688		81,606	26,790	203,695
Due from other funds		3,496	16,000					19,496
Inventories and prepaid items			12,194					12,194
Total Assets	$	420,538	135,070	24,919	132,990	106,812	189,576	1,009,905
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	$	32,939	2,282	4,350			9,038	48,609
Due to other funds				16,000			3,496	19,496
Deferred revenue			69,164					69,164
Total Liabilities		32,939	71,446	20,350	-0-	-0-	12,534	137,269
Fund Balances:								
Reserved for:								
Unemployment benefits							15,980	15,980
Inventory			12,194					12,194
Debt Service funds						106,812	79,068	185,880
Permanent fund purposes							25,438	25,438
Unreserved:								
Designated for, reported in:								
Capital Projects funds					132,990		22,103	155,093
Undesignated, reported in:								
General fund		387,599						387,599
Special Revenue funds			51,430	4,569			34,453	90,452
Total Fund Balances		387,599	63,624	4,569	132,990	106,812	177,042	872,636
Total Liabilities and Fund Balances	$	420,538	135,070	24,919	132,990	106,812	189,576	1,009,905

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

OKOLONA SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS
JUNE 30, 2007

	Exhibit C-1
	Amount
Total Fund Balance - Governmental Funds	$ 872,636
Amounts reported for governmental activities in the statement of net assets are different because:	
1. Capital assets which are used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $2,328,796.	3,193,674
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(2,293,296)
3. Interest payable on long-term liabilities	(27,553)
Total Net Assets - Governmental Activities	$ 1,745,461

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

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

Exhibit D

	Major Fund						
	General Fund	School Food Service	Summer Feeding 2007	Building Improvement & Trans.	MAEP Bond Issue	Other Governmental Funds	Total Governmental Funds
Revenues:							
Local sources	$ 1,027,134	45,421		2,222	2,641	66,817	1,144,235
State sources	4,207,903	2,524			163,212	260,812	4,634,451
Federal sources	44,239	500,047	14,688			982,016	1,540,990
Total Revenues	5,279,276	547,992	14,688	2,222	165,853	1,309,645	7,319,676
Expenditures:							
Instruction	3,316,473					891,048	4,207,521
Support services	1,941,192	70,703				431,370	2,443,265
Noninstructional services		404,733	8,521			1,552	414,806
Facilities acq. and construction						467,085	467,085
Debt service:							
Principal	39,877	12,663			95,000	63,872	211,412
Interest	6,413	6,540			66,645	23,316	102,914
Other					550	650	1,200
Total Expenditures	5,303,955	494,639	8,521	-0-	162,195	1,878,893	7,848,203
Excess (Deficiency) of Revenues Over Expenditures	(24,679)	53,353	6,167	2,222	3,658	(569,248)	(528,527)
Other Financing Sources (Uses):							
Operating transfers in	17,024	6,037				127,155	150,216
Operating transfers out	(71,678)	(10,000)	(1,598)			(66,940)	(150,216)
Total Other Financing Sources (Uses)	(54,654)	(3,963)	(1,598)	-0-	-0-	60,215	-0-
Net Change in Fund Balances	(79,333)	49,390	4,569	2,222	3,658	(509,033)	(528,527)
Fund Balances:							
July 1, 2006	466,932	11,622		130,768	103,154	688,075	1,400,551
Prior period adjustments						(2,000)	(2,000)
July 1, 2006, as restated	466,932	11,622	-0-	130,768	103,154	686,075	1,398,551
Increase in reserve for inventory		2,612					2,612
June 30, 2007	$ 387,599	63,624	4,569	132,990	106,812	177,042	872,636

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

OKOLONA SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

		Exhibit D-1
		Amount
Net Change in Fund Balances - Governmental Funds	$	(528,527)
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlays as expenditures while activities report depreciation to allocate those expenditures over the life of the assets. Capital asset purchases amounted to $568,625 and the depreciation expense amounted to $116,743.		451,882
2. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of activities.		211,412
3. Gains and losses on the sale or disposals of assets are not reported in the governmental funds, but are reported in the Statement in Activities, net of proceeds.		(325)
4. Governmental funds report interest on long-term debt when due, whereas the statement of activities recognizes it as it accrues, regardless of when the financial resources are available. Accrued interest at year end was $27,553, which is a decrease from last year.		122
5. Governmental funds do not recognize transactions that are not normally paid with expendable available resources. The statement of activities reports expenses and liabilities regardless of when financial resources are available. Compensated absences decreased to $47,049.		152
6. Increase in inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are decreased in the statement of activities.		2,612
Change in Net Assets of Governmental Activities	$	137,328

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

OKOLONA SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2007

		Exhibit E
		Agency Funds
Assets		
Cash and cash equivalents	$	329,860
Total Assets	$	329,860
Liabilities		
Accounts payable and accrued liabilities	$	324,703
Due to student clubs		5,157
Total Liabilities	$	329,860

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

OKOLONA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

Note 1: Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the school district's governing board. As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Okolona since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

B. Basis of Presentation

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

Government-wide Financial Statements

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

governmental function is self-financing or draws from the general revenues of the school district.

Fund Financial Statements

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

C. Measurement Focus and Basis of Accounting

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

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

The school district reports the following major governmental funds:

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

Note 1: Summary of Significant Accounting Policies (Continued)

School Food Service Fund - This is the school district's fund for accounting for the food service operation of the school for the regular school year.

Summer Feeding 2007 Fund - This is the school district's fund for accounting for the food service operation of the school for the summer program for 2007.

Building Improvement & Trans. - This is the school district's fund used to account for the various construction and acquisition projects of the district.

MAEP Bond Fund - This is the school district's fund used to account for the payment of limited obligation bonds payable.

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

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.

Note 1: Summary of Significant Accounting Policies (Continued)

D. Account Classifications

The account classifications used in the financial statements conform to the 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 consists of amounts on deposit in demand accounts and certificates of deposit with maturities of 3 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 3 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).

Note 1: Summary of Significant Accounting Policies (Continued)

The costs of governmental fund type inventories are reported as expenditures when purchased.

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

I. Capital Assets

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

J. Long-term Liabilities

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

K. Interfund Transactions and Balances

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

Short-term (due within one year) interfund loan receivables are reported as "due from other funds" and are considered available expendable resources.

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

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

L. Equity Classifications

Government-wide Financial Statements

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

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Note 1: Summary of Significant Accounting Policies (Continued)

L. Equity Classifications (Continued)

2. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements

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

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

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

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

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

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

Unreserved - designated for, reported in Capital Projects Funds - An account that represents a portion of the unreserved fund balance that the school board has specifically obligated for future repairs, renovations, and construction projects of district buildings and facilities.

Note 1: Summary of Significant Accounting Policies (Continued)

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

M. Property Taxes

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

N. Mississippi Adequate Education Program Revenues

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

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.

Note 2: Cash and Cash Equivalents and Investments

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this

Note 2: Cash and Cash Equivalents and Investments (Continued)

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), 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 $735,209 and $329,860, respectively. The carrying amount of deposits reported in the government-wide statements was: cash and cash equivalents $709,771 and restricted assets $25,438. The restricted assets represent the cash balance of the Sixteenth Section Principal Fund (Permanent Fund), which is legally restricted and may not be used for purposes that support the district's programs. The bank balance was $1,108,070.

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 the FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2007, none of the district's bank balance of $1,108,070 was exposed to custodial credit risk.

Note 2: Cash and Cash Equivalents and Investments (Continued)

Investments

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

Investment Type	Maturities (in years)		Fair Value	Rating
U.S. Government Securities	More than 10	$	39,311	AA
Total Investments		$	39,311	

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 investments choices or one that addresses credit risk.

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

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.

Note 3: Interfund Transactions and Balances

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds

		Due From	Due To
Governmental Funds:			
General Fund	$	3,496	
School Food Service		16,000	
Summer Feeding 2007			16,000
Other Governmental Funds			3,496
Total	$	19,496	19,496

The purpose of the interfund loans was to cover federal funds not received prior to year-end.

B. Transfers In/Out

		Transfers In	Transfers Out
Governmental Funds			
General Fund	$	17,024	71,678
School Food Service		6,037	10,000
Summer Feeding 2007			1,598
Other Governmental Funds		127,155	66,940
Total	$	150,216	150,216

The principal purpose of interfund transfers was to provide funds to pay for debt service payments or to provide funds for daily operations. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

Note 4: Capital Assets

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

	Balance 7/1/2006	Additions	Retirements	Completed Construction	Adjustments	Balance 6/30/2007
Non-depreciable capital assets						
Land	$ 77,760					77,760
Construction in progress	131,606	467,085		(598,691)		-0-
Total non-depreciable capital assets	209,366	467,085	-0-	(598,691)	-0-	77,760
Depreciable capital assets						
Buildings	3,963,417			598,691		4,562,108
Mobile equipment	508,577				(35,100)	473,477
Furniture and equipment	340,091	101,540	(32,506)			409,125
Total depreciable capital assets	4,812,085	101,540	(32,506)	598,691	(35,100)	5,444,710
Less accumulated depreciation for:						
Buildings	1,692,335	66,113				1,758,448
Mobile equipment	301,201	22,437			(31,590)	292,048
Furniture and equipment	282,288	28,193	(32,181)			278,300
Total accumulated depreciation	2,275,824	116,743	(32,181)	-0-	(31,590)	2,328,796
Total depreciable capital assets, net	2,536,261	(15,203)	(325)	598,691	(3,510)	3,115,914
Governmental activities capital assets, net	$ 2,745,627	451,882	(325)	-0-	(3,510)	3,193,674

Adjustments were made to reflect the substantiated balance reported by the school district.

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	$ 69,432
Support services	26,664
Non-instructional	20,647
Total depreciation expense	$ 116,743

The capital assets above include significant amounts of buildings and furniture and equipment 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.

Note 5: Long-term Liabilities

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

		Balance 7/1/2006	Additions	Reductions	Balance 6/30/2007	Amounts due within one year
A. Limited obligation bonds payable	$	1,450,000		95,000	1,355,000	100,000
B. Three mill note payable		64,091		31,242	32,849	32,849
C. Obligations under capital lease		309,191		52,540	256,651	53,380
D. Qualified zone academy bonds		250,000			250,000	
E. Other loans payable		384,377		32,630	351,747	34,074
F. Compensated absences payable		47,201		152	47,049	
Total	$	2,504,860	-0-	211,564	2,293,296	220,303

Note 5: Long-term Liabilities (Continued)

A. Limited obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement, Series 1998	Varies	6/1/98	6/1/18	$ 1,950,000	$ 1,355,000
Total				$ 1,950,000	$ 1,355,000

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

Year Ending June 30,	Principal	Interest	Total
2008	$ 100,000	62,465	162,465
2009	100,000	57,965	157,965
2010	105,000	53,465	158,465
2011	110,000	48,740	158,740
2012	115,000	43,680	158,680
2013-2017	670,000	132,930	802,930
2018-2021	155,000	7,285	162,285
Total	$ 1,355,000	406,530	1,761,530

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 MAEP Bond Issue Fund.

Note 5: Long-term Liabilities (Continued)

B. Three mill note payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
EEF Buildings & Buses limited tax notes	4.79%	5/1/98	4/18/08	$ 267,640	$ 32,849
Total				$ 267,640	$ 32,849

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

Year Ending June 30,	Principal	Interest	Total
2008	$ 32,849	1,569	34,418
Total	$ 32,849	1,569	34,418

This debt will be retired from the EEF Buildings & Buses fund.

C. Obligations under capital leases.

The school district has entered into a lease agreement that qualifies as a capital lease for accounting purposes. Lease property under this lease is composed of two buses and a copier.

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

1. Prepayment option
2. Purchase option

Note 5: Long-term Liabilities (Continued)

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

Year Ending June 30,	Principal	Interest and Maintenance Charges	Total
2008	$ 53,380	12,112	65,492
2009	55,791	9,701	65,492
2010	37,161	7,178	44,339
2011	26,460	5,112	31,572
2012	15,132	4,070	19,202
2013-2016	68,727	8,085	76,812
Total	$ 256,651	46,258	302,909

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 in not considered material

This debt will be retired from the district maintenance fund.

D. Qualified zone academy bonds payable

As more fully explained in Note 12, debt has been issued by the school district that qualifies as Qualified Zone Academy bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified zone academy bonds	0.00%	11/10/05	12/01/15	$ 250,000	$ 250,000
Total				$ 250,000	$ 250,000

This debt will be retired from the QZAB debt service fund.

E. Other loans payable

The school district has issued debt instruments granted under the authority of the Asbestos School Hazard Abatement Act of 1984, 20 U.S.C. 4011 and Sections 37-59-101 and 37-59-103, Miss. Code Ann. (1972).

Note 5: Long-term Liabilities (Continued)

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Note	3.70%	10/5/05	10/1/15	$ 350,000	$ 328,500
Emergency Repair Loan	4.00%	1/31/02	1/31/09	75,000	23,247
Total				$ 425,000	$ 351,747

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

Year Ending June 30,	Principal	Interest	Total
2007	$ 34,075	12,660	46,735
2008	35,172	11,346	46,518
2009	29,000	9,916	38,916
2010	31,500	8,797	40,297
2011	32,500	4,107	36,607
2012-2016	189,500	19,869	209,369
Total	$ 351,747	66,695	418,442

This debt will be retired from the Building Repairs and Renovations Debt fund and the Okolona Construction 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.

Note 6: Defined Benefit Pension Plan

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The current rate is 11.30% 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 $447,018, $431,717, and $380,784, respectively, which equaled the required contributions for each year.

Note 7: Prior Period Adjustments/Exhibits

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

Explanations		
1. To correct a prior year error in recording an asset or liability	$	3,510
2. To correct a prior year error in recording an asset or liability		2,000
Total		5,510

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

Major fund	Explanation		
Other Governmental Funds	To correct a prior year error in recording an asset or liability		2,000
	Total	$	2,000

Note 8: Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 121 school districts and covers risks of loss arising from injuries to the school district's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by BancorpSouth in Jackson. The funds in the trust account are used to pay any claim up to $700,000. For a claim exceeding $700,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 9: Qualified Zone Academy Bonds

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs for kindergarten through secondary school, in partnership with the business community. The school district, in agreement with Trustmark Bank, has entered into such an arrangement dated November 10, 2005.

This agreement establishes a method of repayment for a qualified interest-free debt instrument. The agreement requires the school district to deposit funds annually into a sinking fund account on or before December 1. The amount accumulated in the sinking fund at the end of the ten-year period will be sufficient to retire the debt. The following schedule reports the yearly deposits to be made to the sinking fund by the school district.

Note 9: Qualified Zone Academy Bonds (Continued)

Year Ending June 30,		Amount
2008	$	5,000
2009		5,000
2010		34,000
2011		34,000
2012		34,000
2013-2016		91,747
Total	$	203,747

REQUIRED SUPPLEMENTARY INFORMATION

OKOLONA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 1,044,642	1,027,134	1,027,134	(17,508)	-0-
State sources	4,276,232	4,207,903	4,207,903	(68,329)	-0-
Federal sources	43,664	44,239	44,239	575	-0-
Total Revenues	5,364,538	5,279,276	5,279,276	(85,262)	-0-
Expenditures:					
Instruction	3,480,507	3,316,473	3,316,473	164,034	-0-
Support services	1,778,576	1,941,192	1,941,192	(162,616)	-0-
Debt service:					
Principal	26,822	39,877	39,877	(13,055)	-0-
Interest	2,977	6,413	6,413	(3,436)	-0-
Total Expenditures	5,288,882	5,303,955	5,303,955	(15,073)	-0-
Excess (Deficiency) of Revenues Over Expenditures	75,656	(24,679)	(24,679)	(100,335)	-0-
Other Financing Sources (Uses):					
Sale of other property	1,000			(1,000)	-0-
Operating transfers in	652,674	598,924	17,024	(53,750)	(581,900)
Operating transfers out	(647,997)	(650,579)	(71,678)	(2,582)	578,901
Total Other Financing Sources (Uses)	5,677	(51,655)	(54,654)	(57,332)	(2,999)
Net Change in Fund Balances	81,333	(76,334)	(79,333)	(157,667)	(2,999)
Fund Balances:					
July 1, 2006	466,932	466,932	466,932	-0-	-0-
June 30, 2007	$ 548,265	390,598	387,599	(157,667)	(2,999)

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

OKOLONA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE SCHOOL FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 51,500	45,421	45,421	(6,079)	-0-
State sources	2,600	2,524	2,524	(76)	-0-
Federal sources	488,000	444,586	500,047	(43,414)	55,461
Total Revenues	542,100	492,531	547,992	(49,569)	55,461
Expenditures:					
Support services	72,596	70,703	70,703	1,893	-0-
Noninstructional services	407,470	404,624	404,733	2,846	(109)
Debt service:					
Principal	33,400	12,663	12,663	20,737	-0-
Interest		6,540	6,540	(6,540)	-0-
Total Expenditures	513,466	494,530	494,639	18,936	(109)
Excess (Deficiency) of Revenues Over Expenditures	28,634	(1,999)	53,353	(30,633)	55,352
Other Financing Sources (Uses):					
Operating transfers in	2,000	6,037	6,037	4,037	-0-
Operating transfers out		(10,000)	(10,000)	(10,000)	-0-
Total Other Financing Sources (Uses)	2,000	(3,963)	(3,963)	(5,963)	-0-
Net Change in Fund Balances	30,634	(5,962)	49,390	(36,596)	55,352
Fund Balances:					
July 1, 2006	11,622	11,622	11,622	-0-	-0-
Increase in reserve for inventory		2,503	2,612	2,503	109
June 30, 2007	$ 42,256	8,163	63,624	(34,093)	55,461

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

OKOLONA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE SUMMER FEEDING 2007 FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 14,509	14,688	14,688	179	-0-
Total Revenues	14,509	14,688	14,688	179	-0-
Expenditures:					
Noninstructional services		8,521	8,521	(8,521)	-0-
Total Expenditures	-0-	8,521	8,521	(8,521)	-0-
Excess (Deficiency) of Revenues Over Expenditures	14,509	6,167	6,167	(8,342)	-0-
Other Financing Sources (Uses):					
Operating transfers out		(1,598)	(1,598)	(1,598)	-0-
Total Other Financing Sources (Uses)	-0-	(1,598)	(1,598)	(1,598)	-0-
Net Change in Fund Balances	14,509	4,569	4,569	(9,940)	-0-
Fund Balances:					
July 1, 2006				-0-	-0-
June 30, 2007	$ 14,509	4,569	4,569	(9,940)	-0-

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

OKOLONA SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007

Budgetary Comparison Schedules

Note 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.

Note 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

OKOLONA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U.S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Non-cash assistance:		
Food donation	10.550	$ 25,587
Child nutrition cluster:		
School breakfast program	10.553	127,912
National school lunch program	10.555	344,993
Summer food service program for children	10.559	16,242
Total child nutrition cluster		489,147
Total U.S. Department of Agriculture		514,734
U.S. Department of Education		
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	448,675
Vocational education - basic grants to states	84.048	18,411
Safe and drug-free schools and communities - state grants	84.186	9,804
Eisenhower professional development state grants	84.281	17,806
Twenty-first century community learning centers	84.287	89,409
State grants for innovative programs	84.298	7,263
Education technology state grants	84.318	3,202
Reading first state grants	84.357	173,595
Grants for state assessments and related activities	84.369	4,451
Teacher quality enhancement grants	84.336	80
Improving teacher quality-state grants	84.367	97,153
Rural education	84.358	24,519
Total		894,368
Special education cluster:		
Special education - grants to states	84.027	171,426
Special education - preschool grants	84.173	3,875
Total special education cluster		175,301
Total passed-through Mississippi Department of Education		1,069,669
Total U.S. Department of Education		1,069,669
Federal Communications Commission		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.XXX	25,966
Total Federal Communications Commission		25,966
Total for All Federal Awards		$ 1,610,369

OKOLONA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

Note 1: This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.

Note 2: The expenditure amounts include transfers out.

OKOLONA SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL, ADMINISTRATIVE, AND OTHER EXPENDITURES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

Expenditures		Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$	5,496,402	4,380,465	337,821	305,102	473,014
Other		2,351,801	733,658	109,398	9,084	1,499,661
Total	$	7,848,203	5,114,123	447,219	314,186	1,972,675
Total number of students		744				
Cost per student	$	10,549	6,874	601	422	2,651

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

Instruction and Other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type .

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

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

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

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Superintendent and School Board
Okolona School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Okolona School District as of and for the year ended June 30, 2007, which collectively comprise the Okolona 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 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 a certain deficiency in the internal control over financial reporting that we consider to be a significant deficiency.

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 deficiency described in the accompanying schedule of findings and questioned costs as Finding 2007-01 to be a significant deficiency in internal control over financial reporting.

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*.

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.

November 30, 2007
Tupelo, Mississippi

J. E. Vance & Company

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INDEPENDENT AUDITORS' 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
Okolona School District

Compliance

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

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

In our opinion, Okolona School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

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

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

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

Our consideration of the internal control 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, 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.

November 30, 2007
Tupelo, Mississippi

J E Vance + Company

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Okolona School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Okolona School District as of and for the year ended June 30, 2007, which collectively comprise Okolona 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported $1,502 of classroom supply funds carried over from previous years.

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

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

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

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

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

November 30, 2007
Tupelo, Mississippi

J. E. Vance & Company

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Federal Awards:

4. Type of auditors' 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 findings reported as required by Section ___.510(a) of OMB Circular A-133?	No

7. Federal programs identified as major programs:

   a. Cluster: Child Nutrition

      CFDA #10.553
      CFDA #10.555
      CFDA #10.559

   b. Title I – grant to local educational agencies

      CFDA #84.010

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

Section 1: Summary of Auditor's Results (Continued)

8. The dollar threshold used to distinguish between type A and type B programs:	$300,000.
9. Auditee qualified as a low-risk auditee?	Yes
10. Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ___.315(b) of OMB Circular A-133?	No

Section 2: Financial Statement Findings

Significant Deficiency Not Considered to be a Material Weakness

2007-01. Finding

Condition:	During the course of our test work we noted that several purchase orders were dated after the invoices were received, some purchase orders were marked through to have amounts changed, and several requisitions were missing.
Criteria:	Controls, policies, and procedures should be in place to ensure that all requisitions, purchase orders, and invoices are appropriately accounted for.
Effect:	Purchasing controls are compromised.
Recommendation:	Procedures should be implemented to ensure that all requisitions, purchase orders, and invoices are appropriately handled.

Section 3: Federal Award Findings and Questioned Costs

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

Okolona Separate School District

Hansell Gunn Superintendent

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Phone 662-447-2353 ≈ Fax 662-447-9955

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section ___.315(c) of OMB Circular A-133, the Okolona School District has prepared and hereby submits the following corrective action plan for the finding included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2007:

Finding	**Corrective Action Plan Details**
2007-01	a. Name of Contact Person Responsible for Corrective Action: Janice Cruthirds, Business Manager (662) 447-2353 b. Corrective Action Planned: The district will prepare pre-numbered purchase orders prior to the purchase or receipt of goods. c. Anticipated Completion Date: The district will have this corrected, beginning in December 2007.

Hansell Gunn
Superintendent of Education

Loretta Shird
Curriculum/Federal Coordinator

Janice Cruthirds
Business Administrator