The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

WILKINSON COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2007

Presented by:
Dribben & Associates, Ltd.
P. O. Box 1411
113 North Broadway Avenue
McComb, MS 39649-1411

TABLE OF CONTENTS

Page #

FINANCIAL AUDIT REPORT 5
Independent Auditor's Report on the Basic Financial Statements and Supplemental Information 7

MANAGEMENT'S DISCUSSION AND ANALYSIS 9
Management's Discussion and Analysis 11

FINANCIAL STATEMENTS 19
Exhibit A – Statement of Net Assets 21
Exhibit B – Statement of Activities 22
Exhibit C – Balance Sheet- Governmental Funds 23
Exhibit C-1 – Reconciliation of Governmental Funds Balance Sheet to tie the Statement of Net Assets 24
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds 25
Exhibit D-1 – Reconciliation of Revenues Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities 26
Exhibit E – Statement of Net Assets-Fiduciary Funds 27
Notes to the Financial Statements 28

REQUIRED SUPPLEMENTAL INFORMATION 45
Budgetary Comparison Schedule – General Fund 47
Budgetary Comparison Schedule – 16th Section Interest Fund 48
Notes to the Required Supplemental Information 49

SUPPLEMENTAL INFORMATION 51
Schedule Expenditures of Federal Awards 53
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds 54

REPORTS OF COMPLIANCE AND INTERNAL CONTROL 55
Independent Auditor's Report on Compliance and Internal Control Over Financial Reports Based on an audit of the Financial Statements Performed in Accordance with *Governmental Auditing Standards* 57
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance with OMB Circular A-133 59

INDEPENDENT AUDITOR'S REPORT OF COMPLIANCE WITH STATE LAWS AND REGULATIONS 61
Independent Auditor's Report of Compliance with State Laws and Regulations 63

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 65
Schedule of Findings and Questioned Costs 67

(This page was left blank intentionally.)

WILKINSON COUNTY SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

(This page left blank intentionally)

Dribben & Associates, Ltd.

CPA
The CPA. Never Underestimate The Value.®

CERTIFIED PUBLIC ACCOUNTANT

AICPA/MSCPA

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

April 9, 2008

Superintendent and School Board
Wilkinson 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 Wilkinson County School District as of and for the year ended June 30, 2007, which collectively comprise the Wilkinson County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility for the Wilkinson County School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Wilkinson 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 April 9, 2008, on our consideration of the Wilkinson County School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Al Dribben, CPA
P.O. Box 1411 113 North Broadway McComb MS 39649
601-684-4819 Phone 601-684-4818 Fax 1-888-299-4829 MS Toll Free email
dribbencpa@cableone.net

The Management's Discussion and Analysis on pages 9 through 18 and the Budgetary Comparison Schedule and corresponding notes on pages 47 through 49 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 Wilkinson County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sincerely,

Albert F. Dribben, CPA
Dribben & Associates, Ltd.
McComb, Mississippi

WILKINSON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

(This page left blank intentionally)

WILKINSON COUNTY SCHOOL DISTRICT
Mildred E. McGhee, Superintendent of Education
POST OFFICE BOX 785
WOODVILLE, MS 39669
601-888-3582

Management's Discussion and Analysis
For the Year Ended June 30, 2007

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

FINANCIAL HIGHLIGHTS

- Total net assets, including the effect of prior period adjustments, increased $584,392, which represents a 6% percent increase from fiscal year 2006. This increase in net assets is primarily due to the following: 1) capital outlays during the fiscal year were not reported as expenses in the Statement of Activities but were capitalized on the Statement of Net Assets, and 2) repayment of debt principal during the fiscal year was not reported as an expense in the Statement of Activities but as a reduction of long-term liabilities on the Statement of Net Assets.

- General revenues accounted for $9,686,655 in revenue, or 75% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for $3,181,168, or 25% of total revenues.

- The District had $12,229,929 in expenses; only $3,181,168 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $9,686,655 were adequate to provide for these programs.

- Among major funds, the General Fund had $8,708,796 in revenues and $8,323,129 in expenditures. After net other financing uses of $629,324, the net change in fund balance for the General Fund was an increase of $243,657 from the previous year. This increase is due primarily a result of a transfer in the amount of $325,000 to the School Building and Improvement Fund (Capital Projects Fund) to be used for the renovation and/or construction of school facilities.

- Capital assets, net of accumulated depreciation, increased by $777,156.

- Long-term debt decreased by $236,226.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by $9,671,935 as of June 30, 2007.

The district's net assets are comprised of 1) net assets invested in capital assets, net of related debt, 2) restricted net assets and 3) unrestricted net assets. $3,467,687 of the District's net assets (36%) reflects its investment in capital assets (e.g., land, construction in progress, buildings, building improvements, improvements other than buildings, mobile equipment and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending. $5,873,977 of the District's net assets (61%) reflects its restricted net assets. A portion of the restricted net assets is expendable for school based activities, debt service, forestry improvements and unemployment benefits. The remaining portion of the restricted net assets is nonexpendable for 16th section investment purposes. $330,271 of the District's net assets (3%) reflects its unrestricted net assets.

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

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

	June 30, 2007	June 30, 2006	Change
Current assets	$ 4,763,526	$ 5,418,527	-12.1%
Other assets	1,599,988	1,385,110	15.5%
Capital assets, net	7,450,313	6,673,157	11.6%
Total assets	13,813,827	13,476,794	2.5%
Current liabilities	33,384	44,517	-25.0%
Long-term debt outstanding	4,108,508	4,344,734	-5.4%
Total liabilities	4,141,892	4,389,251	-5.6%
Net assets:			
Invested in capital assets, net of related debt	3,467,687	3,132,192	10.7%
Restricted	5,873,977	5,337,166	10.1%
Unrestricted	330,271	618,185	-46.6%
Total net assets	$ 9,671,935	$ 9,087,543	6.4%

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

- Current assets decreased from the previous fiscal year due primarily to a decrease in the amounts due from other governments. In the previous fiscal year, the District reported amounts due from the federal government related to Displaced Students Grant Funds resulting from Hurricane Katrina.

- Capital assets increased from the previous fiscal year due primarily to the completion of building improvements during the year, the purchase of three new school buses and the purchase of various items of furniture and equipment.

- Long-term debt outstanding decreased from the previous fiscal year due primarily to principal payments made during the fiscal year on existing long-term debt.

- Net assets invested in capital assets, net of related debt, increased from the previous fiscal year due primarily to the increase in capital assets during the fiscal year and the reduction of long-term debt related to capital assets.

- Restricted net assets increased from the previous fiscal year due primarily to the increase in amounts restricted for school based activities and debt service.

- Unrestricted net assets decreased from the previous fiscal year due primarily to the decrease in fund balance of the General Fund.

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2007 were $12,867,823. The total cost of all programs and services was $12,229,929. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2007 and comparative data for the fiscal year ended June 30, 2006

	June 30, 2007	June 30, 2006	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 282,721	$ 243,778	16.0%
Operating grants and contributions	2,898,447	3,944,905	-26.5%
General revenues:			
Property taxes	1,770,444	1,719,518	3.0%
Grants and contributions not restricted	7,110,428	6,596,272	7.8%
Other	805,783	611,402	31.8%
Total revenues	12,867,823	13,115,875	-1.9%
Expenses:			
Instruction	6,602,780	6,107,234	8.1%
Support services	4,509,972	4,708,373	-4.2%
Non-instructional	934,489	889,441	5.1%
Sixteenth section	48,496	8,313	483.4%
Interest and other expenses on long-term liabilities	134,192	142,254	-5.7%
Total expenses	12,229,929	11,855,615	3.2%
Increase in net assets	$ 637,894	$ 1,260,260	-49.4%
Net Assets, July 1	9,087,543	7,827,277	16.1%
Prior Period Adjustments	(53,502)	6	
Net Assets, Restated, July 1	9,034,041	7,827,283	15.4%
Net Assets, June 30	$ 9,671,935	$ 9,087,543	6.4%

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

- Program revenues decreased from the previous fiscal year due primarily to a decrease in operating grants and contributions. During the previous year, the District was entitled to federal funds related to the Displaced Student Grant resulting from Hurricane Katrina.

- General revenues increased from the previous fiscal year due primarily to an increase in unrestricted state grants and contributions, specifically an increase in Mississippi Adequate Education Program (MAEP) funds.

- Instruction expenses increased from the previous fiscal year due primarily to an increase in salaries and benefits and an increase in retirement contributions and insurance costs.

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

	2007		2006	
	Total Expenses	Net (Expense) Revenue	Total Expenses	Net (Expense) Revenue
Instruction	$ 6,602,780	(5,545,757)	$ 6,107,234	(4,113,497)
Support services	4,509,972	(3,281,869)	4,708,373	(3,342,877)
Non-instructional	934,489	(91,097)	889,441	(101,195)
Sixteenth section	48,496	4,154	8,313	32,891
Interest and other expenses on long-term liabilities	134,192	(134,192)	142,254	(142,254)
Total expenses	$ 12,229,929	(9,048,761)	$ 11,855,615	(7,666,932)

- The net cost of governmental activities for fiscal year 2007 in the amount of $9,048,761 was financed by general revenue, which is made up of primarily property taxes of $1,770,444 and state revenue of $6,932,640.
- Investment earnings accounted for $210,766 of funding.
- Sixteenth section sources of $561,063 were generated during the fiscal year primarily from sixteenth section leases and the sale of timber.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed fiscal year June 30, 2007, its governmental funds reported a combined fund balance of $6,351,846. The net change in fund balance for the fiscal year was an increase of $392,216 due primarily to expenditures incurred during the fiscal year for building improvements. $4,086,415, or 64%, of the fund balance is reported by fund type in the unreserved, undesignated section of the Governmental Funds Balance Sheet. The portion of the fund balance reported in the General Fund is available for spending at the District's discretion. The portion of the fund balance reported in the Special Revenue Funds will be used for school based activities. The portion of the unreserved, undesignated fund balance reported in the Capital Project Funds is a result of transfers from other governmental funds. The remaining fund balance of $2,265,431, or 36%, is reserved or designated to indicate that it is not available for spending because it has already been committed. This portion of the fund balance is reserved for advances, inventory, prepaid items, unemployment benefits, forestry improvements, capital project purposes, debt service purposes and permanent fund purposes.

The General Fund is the principal operating fund of the District. The net change in fund balance for the General Fund for the fiscal year was a decrease of $243,657 due primarily to the transfer of funds to the School Building and Improvement Fund (Capital Projects Fund) to be used for the renovation

and/or construction of school facilities. The net change in fund balance for the 16th Section Interest Fund for the fiscal year was an increase of $322,803 due to revenue generated during the fiscal year primarily from the sale of timber, sixteenth section leases and earnings on sixteenth section investments. The net change in fund balance for the 16th Section Principal Fund for the fiscal year was an increase of $43,680. The net change in fund balance for the Other Governmental Funds for the fiscal year was a decrease of $515,042 due primarily to expenditures incurred during the fiscal year for the completion of building improvements.

BUDGETARY HIGHLIGHTS

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

- Budgeted amounts for support services expenditures in the General Fund were decreased to more accurately reflect actual expenditures incurred during the fiscal year. The amounts originally budgeted were overstated.

- Budgeted amounts for transfers into the General Fund were decreased during the fiscal year due primarily to a decrease in funds transferred from the 16th Section Interest Fund to cover operational costs as compared to amounts originally budgeted.

- Budgeted amounts for revenue from sixteenth section sources in the 16th Section Interest Fund were increased during the fiscal year to reflect actual revenue generated primarily from the sale of timber, sixteenth section leases and earnings on investments.

- Budgeted amounts for transfers out of the 16th Section Interest Fund were decreased during the fiscal year due primarily to a decrease in funds transferred to the General Fund as compared to amounts originally budgeted.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2007, the District's total capital assets, before depreciation, were $11,989,840, including land, construction in progress, buildings, building improvements, improvements other than buildings, mobile equipment and furniture and equipment. This amount represents a gross increase of $1,137,318 from the previous year. During the fiscal year, the District completed various building improvements, purchased three new school buses and purchased various items of furniture and equipment. Total depreciation expense for the year was $387,135. Total accumulated depreciation as of June 30, 2007 was $4,539,527, resulting in total net assets of $7,450,313.

	Capital Assets, Net of Depreciation		Percentage
	2007	2006	Change
Land	$ 113,365	$ 113,365	0.0%
Construction in progress	0	1,324,742	-100.0%
Buildings	3,056,386	3,141,939	-2.7%
Building improvements	3,474,880	1,355,295	156.4%
Improvements other than buildings	141,202	151,921	-7.1%
Mobile equipment	508,087	384,902	32.0%
Furniture and equipment	156,393	200,993	-22.2%
Total	$ 7,450,313	$ 6,673,157	11.6%

Debt Administration. At June 30, 2007, the District had $4,108,508 in limited obligation bonds and other long-term debt outstanding, of which $386,269 is due within one year. During the fiscal year, the District made principal payments in the amount of $240,000 on existing long-term debt.

	Outstanding Debt		Percentage
	2007	2006	Change
Limited obligation bonds payable	2,130,000	2,275,000	-6.4%
Three mill notes payable	405,000	500,000	-19.0%
Qualified zone academy bonds payable	1,500,000	1,500,000	0.0%
Compensated absences payable	73,508	69,734	5.4%
	4,108,508	4,344,734	-5.4%

CURRENT ISSUES

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

The District has committed itself to financial excellence for many years. The millage rate did not increase or decrease significantly from the previous fiscal year. The District's 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 Wilkinson County School District, P. O. Box 785, Woodville, MS 39669.

WILKINSON COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

(This page left blank intentionally.)

Wilkinson County School District
Statement of Net Assets
June 30, 2007

Exhibit A

	Primary Government Governmental Activities
Assets	
Cash and cash equivalents	$ 4,448,695
Due from other governments	284,296
Inventories and prepaid items	30,535
Restricted assets	1,599,988
Capital Assets, not being depreciated:	
Land	113,365
Capital Assets, net of accumulated depreciation:	
Buildings	3,056,386
Building improvements	3,474,880
Improvements other than buildings	141,202
Mobile equipment	508,087
Furniture and equipments	156,393
Total Assets	13,813,827
Liabilities	
Accounts payable and accrued liabilities	11,668
Interest payable on long-term liabilities	21,716
Long-term liabilities (Due within 1 year)	
Capital related liabilities	230,000
Non-capital related liabilities	2,205
Long-term liabilities (Due beyond 1 year)	
Capital related liabilities	3,805,000
Non-capital related liabilities	71,303
Total Liabilities	4,141,892
Net Assets	
Investment in capital assets (net of related debt)	3,467,687
Restricted net assets for:	
Expendable:	
School-based activities	3,713,171
Debt service	476,885
Forestry improvements	98,171
Unemployment benefits	31,849
Non-expendable:	
Sixteenth section	1,553,901
Unrestricted	330,271
Total Net assets	$ 9,671,935

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

Wilkinson County 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	Net (Expense) Revenue and Changes in Net Assets Governmental Activities
Primary Government:				
Governmental Activities				
Instruction	$ 6,602,780	140,830	916,193	(5,545,757)
Support services	4,509,972	-	1,228,103	(3,281,869)
Non-instructional	934,489	89,241	754,151	(91,097)
Sixteenth section	48,496	52,650	-	4,154
Interest and other expenses on long-term liabilities	134,192	-	-	(134,192)
Total governmental activities	$ 12,229,929	282,721	2,898,447	(9,048,761)

General revenue:	
Taxes	
General purpose levies	1,619,052
Debt service levies	151,392
Unrestricted grant and contributions:	
State	6,932,640
Federal	177,788
Unrestricted investment earnings:	210,766
Sixteenth section	561,063
Other	33,954
Total General Revenues	9,686,655
Changes in net assets	637,894
Net assets - beginning	9,087,543
Prior Period Adjustments	(53,502)
Net assets - restated	9,034,041
Net Assets - Ending	$ 9,671,935

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

Wilkinson County School District
Balance Sheet - Governmental Funds
For the Year Ended June 30, 2007

Exhibit C

	Major Funds				
	General Fund	16th Section Interest Fund	16th Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	$ 477,420	3,400,881	1,331,801	570,394	5,780,496
Cash with fiscal agents	-	-	-	268,187	268,187
Due from other governments	109,104	18,167	19,600	137,425	284,296
Due from other funds	2,223	-	-	90	2,313
Advances to other funds	-	-	202,500	-	202,500
Inventories and prepaid items	15,973	-	-	14,562	30,535
	$ 604,720	3,419,048	1,553,901	990,658	6,568,327
Liabilities & Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	$ 10,083	-	-	1,585	11,668
Due to other funds	90	-	-	2,223	2,313
Advances from other funds	202,500	-	-	-	202,500
Total liabilities	212,673	-	-	3,808	216,481
Fund balances:					
Reserved for:					
Advances	-	-	202,500	-	202,500
Inventory	-	-	-	14,562	14,562
Prepaid items	15,973	-	-	-	15,973
Unemployment benefits	-	-	-	31,849	31,849
Forestry improvements	-	-	-	98,171	98,171
Capital projects funds	-	-	-	52,374	52,374
Debt service purposes	-	-	-	498,601	498,601
Permanent fund purposes	-	-	1,351,401	-	1,351,401
Unreserved:					
Undesignated, reported in:					
General fund	376,074	-	-	-	376,074
Special revenue funds	-	3,419,048	-	279,561	3,698,609
Capital project funds	-	-	-	11,732	11,732
Total fund balances	392,047	3,419,048	1,553,901	986,850	6,351,846
Total liabilities & fund balances	$ 604,720	3,419,048	1,553,901	990,658	6,568,327

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

Wilkinson County School District
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2007

Exhibit C-1

	Amount
Total Fund Balance - Governmental Funds	$ 6,351,846
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 $4,539,526.	7,450,313
2. Long - term liabilities are not due and payable in the current period and therefore are not reported in the funds:	(4,108,508)
3. Governmental funds recognize interest on long-term debt when it becomes due, however the Statement of Net Assets recognizes interest as it accrues.	(21,716)
Total Net Assets - Governmental Activities	$ 9,671,935

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

Wilkinson County School District

Exhibit D

Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds

For the Year Ended June 30, 2007

	Major Funds				
	General Fund	16th Section Interest Fund	16th Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	$ 1,807,649	-	-	267,584	2,075,233
State sources	6,696,866	-	-	554,966	7,251,832
Federal sources	204,281			2,564,429	2,768,710
Sixteenth section sources	-	612,093	98,763	54,172	765,028
Total revenues	8,708,796	612,093	98,763	3,441,151	12,860,803
Expenditures:					
Instruction	5,066,742	-	-	1,154,611	6,221,353
Support services	3,150,192	-	-	1,487,473	4,637,665
Non-instructional services	95,045	-	-	789,180	884,225
Sixteenth section	-	12,256	-	36,240	48,496
Facilities acquisition and construction	-	-	-	952,723	952,723
Debt Service:					
Principal	-	-	-	240,000	240,000
Interest	11,150	-	-	131,457	142,607
Other	-			1,950	1,950
Total expenditures	8,323,129	12,256	-	4,793,634	13,129,019
Excess (deficiency) of revenues over expenditures	385,667	599,837	98,763	(1,352,483)	(268,216)
Other Financing Sources (Uses):					
Insurance loss recoveries	4,141	-	-	-	4,141
Sale of other property	1,826	-	-	-	1,826
Transfers in	30,992	55,083	-	1,008,515	1,094,590
Payments held by escrow agent	-	-	-	82,020	82,020
Other financing sources	-	-	-	1,950	1,950
Transfers out	(534,366)	(332,117)	(55,083)	(173,024)	(1,094,590)
Payments to QZAB debt escrow agent	-	-	-	(82,020)	(82,020)
Repayments to state agencies	(131,917)	-	-	-	(131,917)
Total Other Financing Sources (uses)	(629,324)	(277,034)	(55,083)	837,441	(124,000)
Net Change in Fund Balances	(243,657)	322,803	43,680	(515,042)	(392,216)
Fund balances:					
July 1, 2006, as previously reported	687,919	3,099,245	1,510,221	1,493,816	6,791,201
Prior period adjustment & reclassifications	(52,215)	(3,000)		1,713	(53,502)
July 1, 2006, as restated	635,704	3,096,245	1,510,221	1,495,529	6,737,699
Increase (decrease) in reserve for inventory	-	-	-	6,363	6,363
June 30, 2007	$ 392,047	3,419,048	1,553,901	986,850	6,351,846

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

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

Exhibit D-1

	Amount
Net change in fund balances - governmental funds	$ (392,216)
Amounts reported in the Statement of Net Activities (Exhibit B) are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to $1,165,188 and the depreciation expense amounted to $387.135.	778,053
2. Payment of principal on long-term liabilities is reported as an expenditures in the governmental funds, but the payment reduces long-term liabilities for governmental activities.	240,000
3. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.	10,365
4. Gains and losses on the sale or disposal of assets are not reported in the governmental funds, but are reported in the Statement of Activities, net of proceeds.	(897)
5. Increase (decrease) in the inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are increased (decreased) in the Statement of Activities.	6,363
6. Expenses in the Statement of Activities not normally paid with expendable available financial resources are not reported as expenditures in the governmental funds:	
Compensated absences increases	(3,774)
Change in net assets of governmental activities.	$ 637,894

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

Wilkinson County School District
Statement of Fiduciary Net Assets
June 30, 2007

Exhibit E

	Agency Funds
Assets	
Cash and cash equivalents	$ 457,988
Total Assets	457,988
Liabilities	
Accounts payable and accrued liabilities	433,607
Due to student clubs	24,381
Total Liabilities	$ 457,988

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

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies.

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

A. Financial Reporting Entity.

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

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 Fiduciary Funds 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 flows take place. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Program revenues on the Statement of Activities consist primarily of state appropriations and federal awards.

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

The school district reports the following major governmental funds:

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

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

Sixteenth Section Interest Fund - This is a Special Revenue Fund. 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.

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 expenditures 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.

FIDUCIARY FUNDS

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

D. Account Classifications.

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

E. Encumbrances.

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

F. Cash and Cash Equivalents.

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

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

G. Investments.

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

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 statements.

I. Capital Assets.

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

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

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

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

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

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

J. Long-term liabilities.

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

K. Interfund Transactions and Balances.

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

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

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

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

L. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements:

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

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

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

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

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

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

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

Reserved for capital projects – An account that represents that portion of fund balance in the Capital Projects Fund which was legally restricted and not available for spending for any other purpose than that for which it is restricted.

Reserved for 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 permanent fund purposes – An account that represents the 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 balances that is expendable available financial resources.

M. Property Taxes.

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

N. Mississippi Adequate Education Program Revenues.

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

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 retires.

(2) Cash and Cash Equivalents and Cash with Fiscal Agents.

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 statues as follows:

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code. Ann. (1972). The collateral pledged for the school districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code. Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasury 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 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 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 $5,780,496 and $457,988, respectively. The carrying amount of deposits reported in the government-wide statements was: Cash and cash equivalents $4,448,695 and Restricted Assets $1,599,988. The Restricted assets represents the cash balance of the 16th section Principal funds (Permanent Funds)which is legally restricted and may not be used for purposes that support the district's programs. The bank balance was $6,706,268.

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 $6,706,268 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 $268,187.

(3) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds:

	Due To	Due From
Governmental Funds:		
General fund	$ 90	2,223
Other governmental funds	2,223	90
Total Funds	$ 2,313	2,313

During the course of the school year, expenditures in federal program funds are paid on a reimbursement basis causing the district to borrow moneys from other funds to cover expenditures at year end and not create a deficit. The above interfund loans were made to cover year end expenditures

B. Advances To/From Other Funds:

	Advances To	Advances From
Governmental Funds:		
General fund	$ -	202,500
Sixteenth section principal fund	202,500	-
Total Funds	$ 202,500	202,500

[Note: The sixteenth section principal loans payable is not reflected on the Statement of Net Assets because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Mss. Code Ann. (1972).]

Sixteenth section principal loans payable.

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

Year Ending June 30	Principal	Interest	Total
2008	31,250	8,100	39,350
2009	31,250	6,850	38,100
2010	21,250	5,600	26,850
2011	21,250	4,750	26,000
2012	16,250	3,900	20,150
2013-2017	81,250	9,750	91,000
Total	$ 202,500	38,950	241,450

C. Transfers In/Out.

	Transfer In	Transfer Out
Governmental Funds:		
General fund	$ 30,992	534,366
Sixteenth section interest fund	55,083	332,117
Sixteenth section principal fund	-	55,083
Other governmental funds	1,008,515	173,024
Total Funds	$ 1,094,590	1,094,590

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

(4) Capital Assets.

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

	Balance 07/01/06	Additions	Retirements	Completed Construction	Balance 06/30/07
Non-depreciable capital assets:					
Land	$ 113,365	-	-	-	113,365
Construction in progress	1,324,742	952,723	-	(2,277,465)	-
Total non-depreciable capital assets	1,438,107	952,723	-	(2,277,465)	113,365
Depreciable capital assets:					
Buildings	5,042,359	-	-		5,042,359
Building improvement	1,763,025	-	-	2,277,465	4,040,490
Improvements other than buildings	267,971	-	-		267,971
Mobile equipment	1,495,945	187,000	(6,875)		1,676,070
Furniture and equipment	845,115	25,465	(20,995)		849,585
Total depreciable capital assets	9,414,415	212,465	(27,870)	2,277,465	11,876,475
Less accumulated depreciation for:					
Buildings	(1,900,420)	(85,553)	-	-	(1,985,973)
Building improvement	(407,730)	(157,880)	-	-	(565,610)
Improvements other than buildings	(116,050)	(10,719)	-	-	(126,769)
Mobile equipment	(1,111,043)	(63,128)	6,188	-	(1,167,983)
Furniture and equipment	(644,122)	(69,855)	20,785	-	(693,192)
Total accumulated depreciation	(4,179,365)	(387,135)	26,973	-	(4,539,527)
Total depreciable capital assets, net	5,235,050	(174,670)	(897)	2,277,465	7,336,948
Governmental activities capital assets, net	$ 6,673,157	778,053	(897)	-	7,450,313

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	$ 248,861
Support Services	77,084
Non-instructional	61,190
Total depreciation expense	$ 387,135

(5) Long-term liabilities.

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

	Balance 07/01/06	Additions	Reductions	Balance 06/30/06	Amounts due within one year
A. Limited obligation bonds payable	$ 2,275,000	-	145,000	2,130,000	150,000
B. Three mill notes payable	500,000	-	95,000	405,000	80,000
C. QZAB payable	1,500,000	-	-	1,500,000	154,064
D. Compensated absences payable	69,734	3,774		73,508	2,205
Total	$ 4,344,734	3,774	240,000	4,108,508	386,269

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
Limited obligation bond	4.4-6.25%	05/01/98	05/01/18	$ 2,990,000	2,130,000

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

Year Ending June 30	Principal	Interest	Total
2008	150,000	97,628	247,628
2009	160,000	88,628	248,628
2010	170,000	81,588	251,588
2011	175,000	73,937	248,937
2012	185,000	65,888	250,888
2013-2017	1,050,000	196,402	1,246,402
2018	240,000	10,500	250,500
Total	$ 2,130,000	614,571	2,744,571

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 Retirement Fund.

B. Three mill notes payable.

Debt currently outstanding is as follows.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill note payable	3.54%	9/22/2005	9/15/2012	$500,000	405,000

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

Year Ending June 30	Principal	Interest	Total
2008	80,000	12,921	92,921
2009	60,000	10,443	70,443
2010	60,000	8,319	68,319
2011	65,000	6,107	71,107
2012	65,000	3,806	68,806
2013	75,000	1,327	76,327
Total	$ 405,000	42,923	447,923

This debt will be retired from the EEF Building and Buses Fund and the Wilkinson County School District Debt Service Fund.

C. 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 payable (2004)	0%	12/16/2004	12/16/2015	$ 1,000,000	1,000,000
Qualified zone academy bonds payable (2005)	0%	6/3/2005	6/3/2014	500,000	500,000
Total				$ 1,500,000	1,500,000

This debt will be retired from the debt service fund.

D. 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 $764,937, $713,630 and $634,152, respectively, which equaled the required contributions for each year.

(7) Sixteenth Section Lands.

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

Year Ending June 30	Amount
2008	198,054
2009	775
2010	675
2011	675
2012	675
2013-2017	600
Total	$ 201,454

(8) Prior Period Adjustments/Exhibits.

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

Exhibit. B

Explanation		Amount
To adjust for prior year errors in recording expenditures in the general fund.	$	52,215
To adjust for prior year errors in recording expenditures in the 16th section interest fund.		3,000
To adjust for prior year errors in recording revenues in other governmental funds.		(1,713)
Total	$	53,502

Exhibit. D

Explanation		Amount
To adjust for prior year errors in recording expenditures in the general fund.	$	52,215
To adjust for prior year errors in recording expenditures in the 16th section interest fund.		3,000
To adjust for prior year errors in recording revenues in other governmental funds.		(1,713)
Total	$	53,502

(9) Litigation.

The school district is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcomes or liability, if any, of the school district with respect to various proceedings. However, the school district's legal counsel believes that of the two cases before the Circuit Court of Wilkinson County, Mississippi, neither will have a material adverse effect on the financial condition of the school district. One of the cases is being handled by the school district's insurance counsel and the other relates to a salary dispute, limited to $30,000.

(10) Subsequent Events.

The school district authorized two timber sales after the year ended. One sale in August, 2007 went to the highest bidder for $188,998 and the second sale, also to the highest bidder, in March, 2008 was for $289,101.

(11) Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi Public Entity Workers' Compensation Trust (MPEWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust 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 or MPEWCT contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any claim up to $500,000. For a claim exceeding $500,000, MPEWCT has insurance which will pay the excess up to $1,000,000. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

(12) 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 from kindergarten through secondary school, in partnership with the business community. The school district, in agreement with Trustmark National Bank, has entered into such an arrangement dated December 16, 2004 for the $1,000,000 QZAB bond and June 3, 2005 for the $500,000 QZAB bond.

This agreement establishes a method or repayment for a qualified interest-free debt instrument. The agreement required the school district to deposit funds into a sinking fund account on or before December 14, 2005 for $1,000,000 QZAB bond and June 3, 2005 for the $500,000 QZAB bond. 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.

Year Ending June 30	Amount
2008	154,064
2009	162,274
2010	168,773
2011	177,668
2012	175,464
2013-2015	909,743
Total	$ 1,747,986

(This page left blank intentionally)

WILKINSON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

(This page left blank intentionally.)

Wilkinson County School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2007

Schedule 1-A

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 1,839,034	1,803,809	1,807,649	(35,225)	3,840
State sources	6,767,575	6,685,323	6,696,866	(82,252)	11,543
Federal sources	197,000	215,824	204,281	18,824	(11,543)
Total revenues	8,803,609	8,704,956	8,708,796	(98,653)	3,840
Expenditures:					
Instruction	5,040,197	5,067,866	5,066,742	(27,669)	1,124
Support services	3,414,877	3,146,333	3,150,192	268,544	(3,859)
Noninstructional services	62,516	95,045	95,045	(32,529)	-
Debt Service:					
Principal	76,250	76,250	-	-	76,250
Interest	11,150	11,150	11,150	-	-
Total expenditures	8,604,990	8,396,644	8,323,129	208,346	73,515
Excess (deficiency) of revenues over expenditures	198,619	308,312	385,667	109,693	77,355
Other Financing Sources (Uses):					
Insurance loss recoveries	-	4,141	4,141	4,141	-
Sale of other property	-	1,826	1,826	1,826	-
Transfers in	580,214	30,992	30,992	(549,222)	-
Transfers out	(652,657)	(534,366)	(534,366)	118,291	-
Other financing uses	-	(131,917)	(131,917)	(131,917)	-
Total other financing sources and uses	(72,443)	(629,324)	(629,324)	(556,881)	-
Net change in fund balances	126,176	(321,012)	(243,657)	(447,188)	77,355
Fund balances:					
July 1, 2006, as previously reported			687,919		
Prior period adjustments & reclassifications			(52,215)		
July 1, 2006, as restated			635,704		
June 30, 2007			$ 392,047		

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

Wilkinson County School District
Budgetary Comparison Schedule
Sixteenth Section Interest Fund
For the Year Ended June 30, 200

Schedule 1-B

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Sixteenth section sources	$ 494,469	612,093	612,093	(117,624)	-
Total revenues	494,469	612,093	612,093	117,624	-
Expenditures:					
Sixteenth section	1,208	12,256	12,256	(11,048)	-
Total expenditures	1,208	12,256	12,256	(11,048)	-
Excess (deficiency) of revenues over expenditures	493,261	599,837	599,837	106,576	-
Other Financing Sources (Uses):					
Transfers in	35,950	55,083	55,083	19,133	-
Transfers out	(732,132)	(332,117)	(332,117)	400,015	
Total other financing sources and uses	(696,182)	(277,034)	(277,034)	419,148	-
Net change in fund balances	(202,921)	322,803	322,803	525,724	-
Fund balances:					
July 1, 2006, as previously reported			3,099,245		
Prior period adjustments & reclassifications			(3,000)		
July 1, 2006, as restated			3,096,245		
June 30, 2007			$ 3,419,048		

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

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

(2) Budget amendments and revisions.

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before the date established by the Mississippi Department of Education. 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.

(This page left blank intentionally.)

WILKINSON COUNTY SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

(This page was left blank intentionally.)

WILKINSON COUNTY SCHOOL DISTRICT
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2007

Schedule 1

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U. S. Department of Agriculture		
Passed-through the Mississippi Department of Education:		
Non-cash assistance:		
Food donation	10.550	$ 51,109
Child nutrition cluster:		
School breakfast program	10.553	211,640
National school lunch program	10.555	486,928
Total child nutrition cluster		698,568
Total U. S. Department of Agriculture		749,677
U. S. Department of Defense:		
Direct program:		
Reserve officers' training corps	12.XXX	50,278
Total Other Federal Assistance		50,278
Federal Communications Commission:		
Administered through the Universal Service Administration Company		
The schools and libraries program of the universal service fund	32.XXX	29,252
Total Other Federal Assistance		29,252
U. S. Department of Education		
Passed-through Mississippi Department of Rehabilitation Services:		
Rehabilitation services - vocational rehabilitation grants to states	84.126	42
Total		42
Passed-through Mississippi Department of Education:		
Title I-grants to local educational agencies	84.010	890,005
Vocational education-basic grants to states	84.048	28,480
Safe and drug-free schools and communities-state grants	84.186	12,140
Eisenhower professional development state grants	84.281	130,130
State grants for innovative program	84.298	5,184
Education technology state grants	84.318	26,651
Comprehensive school reform demonstration	84.332	102,000
Teacher quality enhancement grants	84.336	80
Rural education	84.358	46,944
Improving teacher quality state grants	84.367	157,290
Grants for state assessment and related activities	84.369	8,676
Total		1,407,580
Special education cluster:		
Special education-grants to states	84.027	336,421
Special education-preschool grants	84.173	7,303
Total		343,724
Total passed-through Mississippi Department of Education		1,751,304
Total U. S. Department of Education		1,751,346
Total for All Federal Awards		$ 2,580,553

NOTES TO SCHEDULE

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

WILKINSON COUNTY SCHOOL DISTRICT
Schedule of Instructional, Administrative and Other Expenditures – Governmental
For the Year Ended June 30, 2007

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$ 9,198,818	6,829,405	446,488	619,868	1,303,057
Other	3,930,201	1,014,025	118,800	58,752	2,738,624
Total	$ 13,129,019	7,843,430	565,288	678,620	4,041,681
Total number of students *	1,323				
Cost per student	$ 9,924	5,929	427	513	3,055

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

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

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

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

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

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

WILKINSON COUNTY SCHOOL DISTRICT

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

(This page left blank intentionally.)

Dribben & Associates, Ltd.

CPA
The CPA. Never Underestimate The Value.®

CERTIFIED PUBLIC ACCOUNTANT AICPA/MSCPA

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

April 9, 2008

Superintendent and School Board
Wilkinson County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Wilkinson County School District as of and for the year ended June 30, 2007, which collectively comprise Wilkinson County School District's basic financial statements and have issued our report thereon dated April 9, 2008. 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 in order to determine 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 the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control 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 a 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.

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.

Al Dribben, CPA
P.O. Box 1411 113 North Broadway McComb MS 39649
601-684-4819 Phone 601-684-4818 Fax 1-888-299-4829 MS Toll Free email
dribbencpa@cableone.net

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining, 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.

Sincerely,

Albert F. Dribben, CPA
Dribben & Associates, Ltd.
McComb, Mississippi

Dribben & Associates, Ltd.

CPA
The CPA. Never Underestimate The Value.®

CERTIFIED PUBLIC ACCOUNTANT AICPA/MSCPA

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

April 9, 2008

Superintendent and School Board
Wilkinson County School District

Compliance

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

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

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

Internal Control Over Compliance

The management of the Wilkinson 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.

Al Dribben, CPA
P.O. Box 1411 113 North Broadway McComb MS 39649
601-684-4819 Phone 601-684-4818 Fax 1-888-299-4829 MS Toll Free email
dribbencpa@cableone.net

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies 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.

Sincerely,

Albert F. Dribben, CPA
Dribben & Associates, Ltd.
McComb, Mississippi

WILKINSON COUNTY SCHOOL DISTRICT

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

(This page left blank intentionally.)

Dribben & Associates, Ltd.

The CPA. Never Underestimate The Value.®

CERTIFIED PUBLIC ACCOUNTANT AICPA/MSCPA

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

April 9, 2008

Superintendent and School Board
Wilkinson County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Wilkinson County School District as of and for the year ended June 30, 2007, and have issued our report thereon dated April 9, 2008. 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), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds".

The results of 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 $30,410 of classroom supply funds carried over from previous years.

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

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

Al Dribben, CPA
P.O. Box 1411 113 North Broadway McComb MS 39649
601-684-4819 Phone 601-684-4818 Fax 1-888-299-4829 MS Toll Free email
dribbencpa@cableone.net

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

Sincerely,

Albert F. Dribben, CPA
Dribben & Associates, Ltd.
McComb, Mississippi

WILKINSON COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(This page was left blank intentionally)

WILKINSON 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?	No
	b. Significant deficiency(ies) that are not considered to be material weaknesses?	Yes

Federal Awards:

4.	Type of auditor's report issued on compliance for major federal programs:	Unqualified
5.	Internal control over major programs:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) that are not considered to be material weaknesses?	None Reported
6.	Any audit finding(s) reported as required by Section ___.510(a) of Circular A-133?	No
7.	Federal programs identified as major programs:	

Program name:
Child nutrition cluster:

School breakfast program	CFDA# 10.553
National school lunch program	CFDA# 10.555

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 material:

2007-01	Criteria:	Policies and procedures should be in place to provide adequate internal controls over general fixed assets to ensure that assets are safeguarded.
	Condition:	During our test of existence and completeness of general fixed assets, we noted one instance of lack of internal control: One asset (a laptop computer, costing $2,890) could not be found.
	Cause:	Internal controls over general fixed assets are not being followed properly.
	Effect:	Inadequate controls over general fixed assets could lead to the misappropriation of assets.
	Recommendation:	We recommend the following: The laptop be found or the cause of its disappearance be determined. If necessary, the person responsible for its custody should be required to reimburse the school district for its cost less depreciation.

Section 3: Federal Award Findings and Questioned Costs

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

WILKINSON COUNTY SCHOOL DISTRICT
Timothy T. Scott, Superintendent of Education
POST OFFICE BOX 785
WOODVILLE, MS 39669
601-888-3582
601-888-3133 FAX

August 21, 2008

Dribben & Associates, Ltd.
Post Office Box 1411
McComb, MS 39649-1411

Gentlemen:

Wilkinson County School District respectfully submits the following corrective action plan for the year ended June 30, 2007.

The finding from the Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule. Section 1: Summary of Auditors Results, does not include findings and is not addressed.

Section 2: Financial Statement Findings

Significant deficiency not considered to be material:

2007-01 **Corrective Action Planned:**

a. **Roy L. Perry, Fixed Assets Manager**
   601-888-5004
b. **In the future all fixed assets will be tracked from purchase to disposal. The Fixed Assets Manager will inventory all fixed assets randomly throughout the school year. If an individual terminates employment with the District, they will have to be cleared by all departments, which includes any fixed assets that were in their custody.**
c. **Anticipated completion Date: June 30, 2009.**

Sincerely,

Timothy T. Scott

Timothy T. Scott
Superintendent of Education
Wilkinson County Schools