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ABERDEEN SCHOOL DISTRICT

Audited Financial Statements
For the Fiscal Year Ended June 30, 2008

Cox & Palmer
Certified Public Accountants

ABERDEEN SCHOOL DISTRICT

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ABERDEEN SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

ABERDEEN SCHOOL DISTRICT

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

Superintendent and School Board
Aberdeen School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Aberdeen School District as of and for the year ended June 30, 2008, which collectively comprise the Aberdeen School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Aberdeen 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 Aberdeen School District, as of June 30, 2008, 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 June 17, 2009, on our consideration of the Aberdeen School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report

is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 5 through 14 and the Budgetary Comparison Schedule and corresponding notes on pages 43 through 45 are not a required part of the basis 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 Aberdeen 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.

The other supplemental information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances, General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Cox & Palmer

Cox and Palmer, P. A.
June 17, 2009

ABERDEEN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

ABERDEEN SCHOOL DISTRICT

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The discussion and analysis of Aberdeen School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets for 2008 decreased $137,215, including a prior period adjustment of $5,702, which represents an approximate 3% decrease from fiscal year 2007. Total net assets for 2007 decreased $35,194, which represents less than 1% decrease from fiscal year 2006. The decrease in 2008 was due primarily to a decrease in cash reserves.

- General revenues account for $11,254,573 and $10,955,864 in revenue, or 77% and 78% of all revenues for fiscal years 2008 and 2007 respectively. Program specific revenues in the form of charges for services, grants and contributions and capital grants accounted for $3,316,093 or 23% of total revenues for 2008 and $3,026,501 or 22% of total revenues for 2007.

- The District had $14,713,583 and $14,017,559 in expenses for fiscal years 2008 and 2007; only $3,316,093 for 2008 and $3,026,501 for 2007 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $11,254,573 for 2008 and $10,955,864 for 2007 and reserves were adequate to provide for these programs.

- Among major funds, the General Fund had $11,123,472 in revenues and $11,246,861 in expenditures for 2008 and $10,583,361 in revenues and $10,865,968 in expenditures in 2007. The General Fund's fund balance decreased by $283,835 from 2007 to 2008 and decreased $407,531 from 2006 to 2007.

- Capital assets, net of accumulated depreciation, decreased by $37,158 for 2008 and decreased by $9,942 for 2007. This decrease was due primarily to the disposal and retirement of obsolete equipment.

- Long-term debt decreased by $410,000 for 2008 and decreased by $395,000 for 2007. This decrease was due to the annual payment on long-term debt outstanding. In addition, the liability for compensated absences increased by $21,720 for 2008 and decreased by $4,420 for 2007.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found immediately following this report.

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

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

Because the focus of governmental funds is narrower that that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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. The school district's fiduciary activities are presented in a separate Statement of Fiduciary Assets and Liabilities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic 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 schedule has been provided for the General Fund and the additional special revenue major fund.

Additionally, a schedule of expenditures of federal awards as required by OMB Circular A-133 and a schedule of instructional, administrative and other expenditures for governmental funds can be found in this report. Also, this report includes a Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund – Last Four Years and a Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Funds – Last Four Years as required by the Mississippi Department of Education.

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 $4,159,437 as of June 30, 2008.

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 years ended June 30, 2008 and June 30, 2007.

	June 30, 2008	June 30, 2007	Total Dollar Variance	Total Percentage Variance
Assets:				
Current Assets	$ 2,716,712	$ 2,714,052	$ 2,660	0.10%
Capital Assets, net	2,432,415	2,469,573	(37,158)	-1.50%
Total Assets	**5,149,127**	**5,183,625**	**(34,498)**	**-0.67%**
Liabilities:				
Current Liabilites	795,976	304,979	490,997	160.99%
Long-term debt outstanding	193,714	581,994	(388,280)	-66.72%
Total Liabilities	**989,690**	**886,973**	**102,717**	**11.58%**
Net Assets:				
Invested in capital assets, net of related debt	2,312,415	1,939,573	372,842	19.22%
Restricted	476,673	681,175	(204,502)	-30.02%
Unrestricted	1,370,349	1,675,904	(305,555)	-18.23%
Total Net Assets	**$ 4,159,437**	**$ 4,296,652**	**$ (137,215)**	**-3.19%**

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

- Increase in current liabilities in the amount of $490,997.
- The principal retirement of $410,000 of long-term debt

Changes in net assets. The District's total revenues for the fiscal years ended June 30, 2008 and June 30, 2007 were $14,570,666 and $13,982,365, respectively. The total cost of all programs and services for 2008 was $14,713,583 and $14,017,559 for 2007. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2008 and June 30, 2007.

Change in Net Assets

	June 30, 2008	June 30, 2007	Total Dollar Variance	Total Percentage Variance
Revenues:				
Program Revenues:				
Charges for Services	$ 259,077	$ 302,481	$ (43,404)	-14.35%
Operating grants and contributions	2,981,193	2,724,020	257,173	9.44%
Capital Grants and contributions	75,823	-	75,823	
General Revenues:				
Property Taxes	3,694,466	3,561,531	132,935	3.73%
Grants and contributions not restricted	7,367,513	7,228,458	139,055	1.92%
Other	192,594	165,875	26,719	16.11%
Total Revenues	**14,570,666**	**13,982,365**	**588,301**	**4.21%**
Expenses:				
Instruction	8,493,030	7,832,892	660,138	8.43%
Support Services	5,318,580	5,282,208	36,372	0.69%
Non-instructional	888,406	871,632	16,774	1.92%
Interest and other expenses on long-term liabilities	13,567	30,827	(17,260)	-55.99%
Total Expenses	**14,713,583**	**14,017,559**	**696,024**	**4.97%**
Decrease in Net Assets	**(142,917)**	**(35,194)**	**(107,723)**	**-306.08%**
Net Assets, July 1	4,296,652	4,331,846	(35,194)	-0.81%
Prior Period Adjustments	5,702	-	5,702	
Net Assets, Restated, July 1	4,302,354	4,331,846	(29,492)	-0.68%
Net Assets, June 30	**$ 4,159,437**	**$ 4,296,652**	**$ (137,215)**	**-3.19%**

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

	2008		2007	
	Total Expenses	Net (Expense) Revenue	Total Expenses	Net (Expense) Revenue
Instruction	$ 8,493,030	$ (6,776,695)	$ 7,832,892	$ (6,261,563)
Support Services	5,318,580	(4,592,865)	5,282,208	(4,723,828)
Non-instructional	888,406	(14,363)	871,632	25,160
Interest and other expenses on long- term liabilities	13,567	(13,567)	30,827	(30,827)
Total Expenses	**$ 14,713,583**	**$ (11,397,490)**	**$ 14,017,559**	**$ (10,991,058)**

- Net cost of governmental activities, ($11,397,490 and $10,991,058) was financed by general revenue, which is made up of primarily property taxes of $3,694,466 for 2008 and $3,561,531 for 2007, state revenues of $7,189,247 for 2008 and $6,974,793 for 2007.

- Investment earnings accounted for $90,375 for 2008 and $133,345 for 2007 of funding.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of $1,922,808, a decrease of $493,753, which includes the prior period adjustment of $79 and the decrease in reserve for inventory of $18,816. $1,353,468 or 70% of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of $569,340 or 30% is reserved or designated to indicate that it is not available for spending because it has already been committed.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was $283,835. There was no change in the fund balance in the Title 1 fund for the fiscal year. The fund balance of Other Governmental Funds showed a decrease in the amount of $209,918, which includes a prior period adjustment of $79 and decrease in reserve for inventory of $18,816.

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2008, the District's total capital assets were $6,010,557, including land, school buildings, improvement other than buildings, buses, other school vehicles and furniture and equipment. This amount represents an increase of $58,224 from 2007 to 2008 and an increase of $104,253 from 2006 to 2007. Total accumulated depreciation as of June 30, 2008, was $3,578,142 and total depreciation expense for the year was $126,601, resulting in total net assets of $2,432,415.

	Capital Assets, Net Of Depreciation		Total Percentage Change
	2008	2007	2007-2008
Land	$ 137,570	$ 137,570	0.00%
Buildings	1,736,078	1,772,383	-2.05%
Improvements other than buildings	148,015	156,722	-5.56%
Mobile equipment	323,446	298,709	8.28%
Furniture and equipment	87,306	104,189	-16.20%
Total	**$ 2,432,415**	**$ 2,469,573**	**-1.50%**

Additional information of the District's capital assets can be found in Notes to the Financial Statements of this report.

Debt Administration. At June 30, 2008, the District had $120,000 in long-term debt outstanding, of which $120,000 is due within one year. In addition, the liability for compensated absences increased by $21,720 from the prior year

The District maintains an AA- bond rating.

	Outstanding Long-Term Debt		Total Percentage Change
	2008	2007	2007-2008
Limited obligation bonds payable	$ 120,000	$ 355,000	-66.20%
Three mill notes payable	-	175,000	-100.00%
Compensated absences payable	73,714	51,994	41.77%
Total	**$ 193,714**	**$ 581,994**	**-66.72%**

Additional information of the District's long-term debt can be found in Notes to the Financial Statements.

CURRENT ISSUES

The Aberdeen School District is financially stable. The District is proud of its community support of the public schools and has established a Community Advisory Committee to assist the District with maintaining good relations.

The District has committed itself to financial excellence for many years. The operating millage for 2007 has increased 1.06 mills from the prior year. However, the debt service millage has decreased .24 mills. The district makes every effort to maintain a steady millage rate for the taxpayers of the District. In addition, 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.

Latest enrollment figures indicate that student enrollment in the District will remain relatively stable during the 2008-2009 fiscal year. The budget for next fiscal year has taken this into account in both funding and staffing needs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Aberdeen School District, PO Box 607, Aberdeen, MS 39730-0607.

ABERDEEN SCHOOL DISTRICT

FINANICAL STATEMENTS

ABERDEEN SCHOOL DISTRICT

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ABERDEEN SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	$ 2,103,222
Due from other governments	440,574
Accrued interest receivable	679
Other receivables, net	4,020
Inventories and prepaid items	52,251
Restricted assets	115,966
Capital assets, not being depreciated:	
Land	137,570
Capital assets, net of accumulated depreciation:	
Buildings	1,736,078
Improvements other than buildings	148,015
Mobile equipment	323,446
Furniture and equipment	87,306
Total Assets	5,149,127
Liabilities	
Accounts payable and accrued liabilities	793,904
Interest payable on long-term liabilities	2,072
Long-term liabilities, due within one year	
Capital related liabilities	120,000
Non-capital related liabilities	2,464
Long-term liabilities, due beyond one year	
Non-capital related liabilities	71,250
Total Liabilities	989,690
Net Assets	
Invested in capital assets, net of related debt	2,312,415
Restricted net assets:	
Expendable:	
School - based activities	251,443
Debt service	189,627
Capital improvements	2,836
Unemployment benefits	32,767
Unrestricted	1,370,349
Total Net Assets	$ 4,159,437

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

ABERDEEN SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2008

Exhibit B

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities:					
Instruction	$ 8,493,030	$ 184,537	$1,531,798	$ -	$ (6,776,695)
Support services	5,318,580	-	649,892	75,823	(4,592,865)
Non-instructional	888,406	74,540	799,503	-	(14,363)
Interest and other expenses on long-term liabilities	13,567	-	-	-	(13,567)
Total Governmental Activities	$14,713,583	$ 259,077	$2,981,193	$ 75,823	(11,397,490)

General Revenues:	
Taxes:	
General purpose levies	3,531,041
Debt purpose levies	163,425
Unrestricted grants and contributions:	
State	7,189,247
Federal	178,266
Unrestricted investment earnings	90,375
Other	102,219
Total General Revenues	11,254,573
Change in Net Assets	(142,917)
Net Assets - Beginning	4,296,652
Prior Period Adjustments	5,702
Net Assets - Beginning -Restated	4,302,354
Net Assets - Ending	$ 4,159,437

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

ABERDEEN SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2008

Exhibit C

	Major Funds			
	General Fund	Title I Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,703,865	$ 45,063	$ 354,294	$ 2,103,222
Investments	-	-	115,966	115,966
Due from other governments	183,901	94,949	161,724	440,574
Accrued interest receivable	679	-	-	679
Other receivables, net	1,319	-	-	1,319
Due from other funds	141,624	-	-	141,624
Inventories and prepaid items	32,801	-	19,450	52,251
Total Assets	2,064,189	140,012	651,434	2,855,635
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	620,126	66,783	106,995	793,904
Due to other funds	-	73,229	65,694	138,923
Total Liabilities	620,126	140,012	172,689	932,827
Fund Balances:				
Reserved for:				
Inventory	-	-	19,450	19,450
Prepaid items	32,801	-	-	32,801
Ad Valorem	289,787	-	-	289,787
Capital Projects	-	-	2,836	2,836
Debt Service	-	-	191,699	191,699
Unemployment benefits	-	-	32,767	32,767
Unreserved:				
Undesignated, reported in:				
General fund	1,121,475	-	-	1,121,475
Special Revenue funds	-	-	231,993	231,993
Total Fund Balances	1,444,063	-	478,745	1,922,808
Total Liabilities and Fund Balances	$ 2,064,189	$ 140,012	$ 651,434	$ 2,855,635

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

ABERDEEN SCHOOL DISTRICT

Exhibit C-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2008

	Amount
Total Fund Balance - Governmental Funds	$ 1,922,808
Amounts reported for governmental activities in the statement of net assets are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $3,578,142.	2,432,415
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(193,714)
3. Governmental funds recognize interest on long-term debt when it becomes due, however the Statement of Net Assets recognizes interest as it accrues.	(2,072)
Total Net Assets - Governmental Activities	$ 4,159,437

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

ABERDEEN SCHOOL DISTRICT

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	Major Funds		Other	Total
	General Fund	Title I Fund	Governmental Funds	Governmental Funds
Revenues:				
Local sources	$ 3,868,015	$ -	$ 273,624	$ 4,141,639
State sources	7,009,907	-	556,117	7,566,024
Federal sources	245,550	919,386	1,693,569	2,858,505
Total Revenues	11,123,472	919,386	2,523,310	14,566,168
Expenditures:				
Instruction	6,672,975	677,098	1,083,535	8,433,608
Support services	4,572,858	202,260	549,258	5,324,376
Noninstructional services	1,028	17,040	841,647	859,715
Debt service:				
Principal	-	-	410,000	410,000
Interest	-	-	17,631	17,631
Other	-	-	1,352	1,352
Total Expenditures	11,246,861	896,398	2,903,423	15,046,682
Excess (Deficiency) of Revenues over Expenditures	(123,389)	22,988	(380,113)	(480,514)
Other Financing Sources (Uses):				
Sale of transportation equipment	2,845	-	-	2,845
Sale of other property	2,653	-	-	2,653
Operating transfers in	35,976	-	201,920	237,896
Operating transfers out	(201,920)	(22,988)	(12,988)	(237,896)
Total Other Financing Sources (Uses)	(160,446)	(22,988)	188,932	5,498
Net Change in Fund Balances	(283,835)	-	(191,181)	(475,016)
Fund Balances:				
July 1, 2007	1,727,898	-	688,663	2,416,561
Prior period adjustments	-	-	79	79
July 1, 2007, as restated	1,727,898	-	688,742	2,416,640
(Decrease) in reserve for inventory	-	-	(18,816)	(18,816)
June 30, 2008	$ 1,444,063	$ -	$ 478,745	$ 1,922,808

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

ABERDEEN SCHOOL DISTRICT

Exhibit D-1

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2008

	Amount
Net Change in Fund Balances - Governmental Funds	$ (475,016)
Amounts reported for governmental activities in the Statement of Activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital asset purchases amounted to $85,072 and the depreciation expense amounted to $126,601.	(41,529)
2. 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.	(1,252)
3. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Activities.	410,000
4. 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 become dues.	5,416
5. Decrease in the inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are increased in the Statement of Activities.	(18,816)
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	(21,720)
Change in Net Assets of Governmental Activities	$ (142,917)

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

ABERDEEN SCHOOL DISTRICT

Exhibit E

Statement of Fiduciary Assets and Liabilities

June 30, 2008

	Agency Funds
Assets	
Cash and cash equivalents	$ 17,080
Total Assets	17,080
Liabilities	
Accounts payable and accrued liabilities	10,644
Due to other funds	2,701
Due to student clubs	3,735
Total Liabilities	$ 17,080

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

(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.

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Aberdeen since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Aberdeen School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

B. Basis of Presentation.

Government-wide Financial Statements:

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

2. *Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

3. *Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The school district reports the following major governmental funds:

General Fund – This is the school district's primary operating fund. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support, and other costs.

Title I – This is a special revenue fund that is used to account for the proceeds and expenditures of federal Title I funds for low income based school sites.

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

The school district also reports fiduciary funds which focus on net assets and changes in net assets.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

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.

C. Measurement Focus and Basis of Accounting.

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting as are the Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

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

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect of interfund activity has been eliminated from the government-wide statements.

Revenues from the Mississippi Adequate Education Program Revenues are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

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. Assets, liabilities, and net assets or equity.

1. Cash, Cash equivalents and Investments.

Cash and cash equivalents.

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. 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.

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 an original maturity greater than three months when acquired.

Investments for the district are reported at fair market value.

2. Receivables and payables.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments.

Due from other governments represents amounts due from the State of Mississippi, and various grants and reimbursements from other governments.

4. Inventories and Prepaid Items.

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

5. Restricted Assets.

Certain resources set aside for repayment of debt are classified as restricted assets on the balance sheet because their use is limited by applicable debt statutes.

6. Capital Assets.

Capital assets, which include property, plant, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the following table and estimated useful lives in excess of two years.

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.

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 5 for details.

7. Compensated Absences.

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

8. Long-term Liabilities, Deferred Debt Expense, and Bond Discounts/Premiums.

In the government-wide, proprietary and component unit financial statements, outstanding debt is reported as liabilities. Bond issue cost, bond discounts or premiums, and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 6 for details.

9. Fund equity.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

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

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

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

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

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

(2) Cash and Cash Equivalents and Investments.

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

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

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

Cash and Cash Equivalents.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was $2,103,222 and $17,080, respectively. The bank balance was $2,311,472.

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, 2008, none of the district's bank balance of $2,311 472 was exposed to custodial credit risk.

Investments.

As of June 30, 2008, the district had the following investment.

Investment Type	Maturities (in years)	Fair Value	Rating
Hancock Horizon Treasury Securities Money Market Mutual Fund	less than 1 year	$ 115,966	AAA

Investments reported in the MAEP State Aid Retirement Fund are legally restricted and may not be used for purposes that support the district's programs. Therefore, the carrying amount of investments in this fund in the amount of $115,966 is included as restricted assets in the government-wide financial statements.

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

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

Custodial Credit Risk – Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. The investment in the Hancock Horizon Treasury Securities Money Market Mutual Fund is uninsured and unregistered and is not backed by the full faith and credit of the federal government.

(3) Interfund Receivables, Payables and Transfers.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds.

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	$ 73,229
	Other governmental funds	65,694
	Fiduciary funds	2,701
Total		$ 141,624

The purpose of the interfund loans was to cover federal funds not received prior to year-end and amounts due from agency funds.

B. Interfund Transfers

Transfer Out	Transfer In	Amount
General Fund	Other governmental funds	$ 201,920
Title I Fund	General Fund	22,988
Other governmental funds	General Fund	12,988
Total		$ 237,896

The primary purpose of interfund transfers was to provide funds for daily operations. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Restricted Assets.

The restricted assets represent the investment balance, totaling $115,966, of the MAEP Limited Obligation Bond/Note Fund.

(5) Capital Assets.

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

	Balance 7-1-2007	Additions	Retirements	Adjustments	Balance 6-30-2008
Governmental Activities:					
Non-depreciable capital assets:					
Land	$ 137,570	$ -	$ -	$ -	$ 137,570
Total non-depreciable capital assets	137,570	-	-	-	137,570
Depreciable capital assets:					
Buildings	3,646,062	-	-	-	3,646,062
Improvements other than buildings	217,671	-	-	-	217,671
Mobile equipment	1,152,332	72,322	10,000	-	1,214,654
Furniture and equipment	798,698	12,750	25,240	8,392	794,600
Total depreciable capital assets	5,814,763	85,072	35,240	8,392	5,872,987
Less accumulated depreciation for:					
Buildings	1,873,679	36,305	-	-	1,909,984
Improvements other than buildings	60,949	8,707	-	-	69,656
Mobile equipment	853,623	46,585	9,000	-	891,208
Furniture and equipment	694,509	35,004	24,988	2,769	707,294
Total accumulated depreciation	3,482,760	126,601	33,988	2,769	3,578,142
Total depreciable capital assets, net	2,332,003	(41,529)	1,252	5,623	2,294,845
Governmental activities capital assets, net	$ 2,469,573	$ (41,529)	$ 1,252	$ 5,623	$ 2,432,415

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	$ 45,304
Support services	73,594
Non-instructional	7,703
Total Depreciation Expense	$ 126,601

(6) Long-term Liabilities.

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

	Balance 7-1-2007	Additions	Reductions	Balance 6-30-2008	Amounts due within one year
A. Limited obligation bonds payable	$ 355,000	-	235,000	120,000	120,000
B. Three mill notes payable	175,000	-	175,000	-	-
C. Compensated absences payable	51,994	21,720	-	73,714	2,464
Total	$ 581,994	21,720	410,000	193,714	122,464

A. Limited obligation bonds payable.

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement bonds	4.2% - 6.0%	03-01-1998	08-01-2008	$ 1,870,000	120,000
Total				$ 1,870,000	120,000

Details of the District's June 30, 2008 limited obligation bonds indebtedness are as follows:

Year Ending June 30	Principal	Interest	Total
2009	$ 120,000	$ 2,520	$ 122,520

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 State Aid Bond Fund.

B. Three mill notes payable.

This debt was retired from the Limited Tax Notes Fund during the current fiscal year.

C. Compensated absences payable.

As more fully explained in Note 1 (F)(7), 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.

(7) Other Commitments.

Operating leases:

The school district has several operating leases for the following:

1. Six Canon Copiers
2. Konica Copier
3. Two Ricoh Digital Duplicators

Lease expenditures for the year ended June 30, 2008, amounted to $20,482. Future lease payments for these leases are as follows:

Year Ending June 30	Amount
2009	$ 22,606
2010	15,725
2011	6,088
2012	3,303
Total	$ 47,722

(8) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2008, was 11.85% 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, 2008, 2007 and 2006 were $981,133, $935,906 and $844,739, respectively, which equaled the required contributions for each year.

(9) Prior Period Adjustments/Exhibits.

A summary of significant fund equity adjustments is as follows:

Exhibit B – Statement of Activities

Explanation	Amount
To correct a prior year error in recording a capital asset	$ 5,623
To correct a prior year error in recording a liability	79
	$ 5,702

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

Major Funds	Explanation	Amount
Other governmental funds	To correct a prior year error in recording a liability	$ 79

(10) Contingencies.

Federal Grants – The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district.

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 the outcome or liability, if any, of the school district with respect to the various proceedings. However, the school district's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

(11) Subsequent Events.

On October 3, 2008, the District issued $1,100,000 in limited tax obligation bonds with an interest rate of 3.46% for the purpose of paying the costs of acquiring, improving, constructing, renovating, repairing, heating, cooling and equipping school buildings and related facilities, perform site work therefore, purchasing school buses and transportation equipment, and paying the costs of such borrowing. The bonds will be repaid by a special ad valorem tax levy and a pledge of revenue from the Educational Enhancement Fund.

On December 12, 2008, the District issued $625,000 in tax and revenue anticipation notes with an interest rate of 3.15%. This note was issued for the purpose to provide money for school purposes in anticipation of the collection of taxes and other revenues, pursuant to Section 35-59-37, Mississippi Code of 1972, as amended.

On March 10, 2009, the District entered into an equipment lease-purchase agreement with All American Investment Group, LLC for energy management improvements. The issue price was $820,864 with an interest rate of 6.05% and a final maturity date of June 10, 2021. The quarterly lease payments will be paid from District funds.

(12) Risk Management.

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

Participation in Public Entity Risk Pool.

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 95 school districts and one community college and covers risks of loss arising from injuries to the member's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to $750,000. For a claim exceeding $750,000, MSBAWCT has insurance which will pay the excess up to the statutory amount required by the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

ABERDEEN SCHOOL DISTRICT

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ABERDEEN SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

ABERDEEN SCHOOL DISTRICT

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ABERDEEN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	$ 3,572,385	$ 3,868,015	$ 3,868,015	$ 295,630	$ -
State sources	7,176,037	7,009,907	7,009,907	(166,130)	-
Federal sources	161,000	245,550	245,550	84,550	-
Total Revenues	10,909,422	11,123,472	11,123,472	214,050	-
Expenditures:					
Instruction	6,683,681	6,672,975	6,672,975	10,706	-
Support services	4,108,553	4,553,993	4,553,993	(445,440)	-
Noninstructional services	325	1,028	1,028	(703)	-
Facilities acquisition and construction	66,000	18,865	18,865	47,135	-
Total Expenditures	10,858,559	11,246,861	11,246,861	(388,302)	-
Excess (Deficiency) of Revenues Over Expenditures	50,863	(123,389)	(123,389)	(174,252)	-
Other Financing Sources (Uses):					
Sale of transportation equipment	-	2,845	2,845	2,845	-
Sale of other property	-	2,653	2,653	2,653	-
Operating transfers in	247,728	878,867	35,976	631,139	(842,891)
Operating transfers out	(265,794)	(1,044,811)	(201,920)	(779,017)	842,891
Other financing uses	(38,964)	-	-	38,964	-
Total Other Financing Sources (Uses)	(57,030)	(160,446)	(160,446)	(103,416)	-
Net Change in Fund Balances	(6,167)	(283,835)	(283,835)	(277,668)	-
Fund Balances:					
July 1, 2007	2,754,665	1,727,898	1,727,898	(1,026,767)	-
Prior period adjustment	-	3,793	-	3,793	(3,793)
July 1, 2007, as restated	2,754,665	1,731,691	1,727,898	(1,022,974)	(3,793)
June 30, 2008	$ 2,748,498	$ 1,447,856	$ 1,444,063	$ (1,300,642)	$ (3,793)

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

ABERDEEN SCHOOL DISTRICT
Budgetary Comparison Schedule
Title I Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	$ 1,061,074	$ 919,386	$ 919,386	$ (141,688)	$ -
Total Revenues	1,061,074	919,386	919,386	(141,688)	-
Expenditures:					
Instruction	800,878	677,098	677,098	123,780	-
Support services	216,639	202,260	202,260	14,379	-
Noninstructional services	14,417	17,040	17,040	(2,623)	-
Total Expenditures	1,031,934	896,398	896,398	135,536	-
Excess (Deficiency) of Revenues Over Expenditures	29,140	22,988	22,988	(6,152)	-
Other Financing Sources (Uses):					
Operating transfers out	(38,100)	(22,988)	(22,988)	15,112	-
Total Other Financing Sources (Uses)	(38,100)	(22,988)	(22,988)	15,112	-
Net Change in Fund Balances	(8,960)	-	-	8,960	-
Fund Balances:					
July 1, 2007	692	-	-	(692)	-
June 30, 2008	$ (8,268)	$ -	$ -	$ 8,268	$ -

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

ABERDEEN SCHOOL DISTRICT

Notes to the Required Supplementary Information
For the Year Ended June 30, 2008

Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

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

ABERDEEN SCHOOL DISTRICT

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ABERDEEN SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

ABERDEEN SCHOOL DISTRICT

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ABERDEEN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Fed. Domestic Assistance Number	Federal Expenditures
U.S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	$ 233,831
National school lunch program	10.555	612,726
Total child nutrition cluster		846,557
Fresh fruits & vegetables program	10.582	20,468
Total U.S. Department of Agriculture		867,025
U.S. Department of Defense		
Direct program:		
Reserve Officers' Training Corps	12.xxx	49,978
Total U.S. Department of Defense		49,978
Federal Communications Commission		
Administered through the Universal Service Administration Company:		
The schools and libraries program of the universal service fund	32.xxx	35,013
Total Federal Communications Commission		35,013
U.S. Department of Education		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	919,386
Safe and drug-free schools and communities - state grants	84.186	7,380
Twenty-first century community learning centers	84.287	229,225
State grants for innovative programs	84.298	4,273
Education technology state grants	84.318	8,006
Rural education	84.358	49,624
Improving teacher quality state grants	84.367	139,943
Total		1,357,837
Special education cluster:		
Special education - grants to states	84.027	343,051
Special education - preschool grants	84.173	34,385
Total special education cluster		377,436
Total passed-through Mississippi Department of Education		1,735,273
Total U.S. Department of Education		1,735,273
U.S. Department of Health and Human Services		
Passed-through Mississippi Department of Education:		
Cooperative agreements to support comprehensive school health programs to prevent the spread of HIV and other important health problems	93.938	3,006
Total U.S. Department of Health and Human Services		3,006
Total for All Federal Awards		$ 2,690,295

ABERDEEN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Notes to schedule

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

Aberdeen School District
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2008

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$ 11,239,077	$ 8,326,172	$ 754,818	$ 916,599	$ 1,241,488
Other	3,807,605	1,260,377	228,299	89,651	2,229,278
Total	15,046,682	9,586,549	983,117	1,006,250	3,470,766
Total number of students *	1,526				
Cost per student	$ 9,859	$ 6,282	$ 644	$ 659	$ 2,274

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.

ABERDEEN SCHOOL DISTRICT

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ABERDEEN SCHOOL DISTRICT

OTHER SUPPLEMENTAL INFORMATION

ABERDEEN SCHOOL DISTRICT

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ABERDEEN SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances "UNAUDITED"
General Fund
Last Four Years

	2008	2007*	2006*	2005*
Revenues:				
Local sources	$ 3,868,015	$ 3,744,335	$ 3,544,698	$ 2,943,241
State sources	7,009,907	6,665,129	6,603,305	6,326,226
Federal sources	245,550	173,897	167,487	154,350
Total Revenues	11,123,472	10,583,361	10,315,490	9,423,817
Expenditures:				
Instruction	6,672,975	6,306,616	6,501,582	6,146,745
Support services	4,553,993	4,554,677	4,039,452	3,664,436
Noninstructional services	1,028	4,675	-	-
Facilities acquisition and construction	18,865	-	-	-
Total Expenditures	11,246,861	10,865,968	10,541,034	9,811,181
Excess (Deficiency) of Revenues over Expenditures	(123,389)	(282,607)	(225,544)	(387,364)
Other Financing Sources (Uses):				
Insurance loss recoveries	-	-	-	2,027
Sale of transportation equipment	2,845	-	-	-
Sale of other property	2,653	-	-	-
Operating transfers in	35,976	257,614	359,291	53,475
Operating transfers out	(201,920)	(382,538)	(323,881)	(116,187)
Total Other Financing Sources (Uses)	(160,446)	(124,924)	35,410	(60,685)
Net Change in Fund Balances	(283,835)	(407,531)	(190,134)	(448,049)
Fund Balances:				
July 1	1,727,898	2,135,429	2,325,563	2,763,612
Prior period adjustments	-	-	-	10,000
July 1, as restated	1,727,898	2,135,429	2,325,563	2,773,612
June 30	$ 1,444,063	$ 1,727,898	$ 2,135,429	$ 2,325,563

*SOURCE - PRIOR YEAR AUDIT REPORTS

ABERDEEN SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances "UNAUDITED"
All Governmental Funds
Last Four Years

	2008	2007*	2006*	2005*
Revenues:				
Local sources	$ 4,141,639	$ 4,029,886	$ 3,836,836	$ 3,202,384
State sources	7,566,024	7,173,664	7,123,794	6,850,702
Federal sources	2,858,505	2,778,815	2,880,441	2,885,854
Total Revenues	14,566,168	13,982,365	13,841,071	12,938,940
Expenditures:				
Instruction	8,433,608	7,786,876	8,023,123	7,771,727
Support services	5,305,511	5,334,001	5,120,839	4,195,813
Noninstructional services	859,715	860,071	856,813	901,595
Facilities acquisition and construction	18,865	-	-	-
Debt service:				
Principal	410,000	395,000	375,000	355,000
Interest	17,631	34,601	50,721	66,870
Other	1,352	1,382	1,409	-
Total Expenditures	15,046,682	14,411,931	14,427,905	13,291,005
Excess (Deficiency) of Revenues over Expenditures	(480,514)	(429,566)	(586,834)	(352,065)
Other Financing Sources (Uses):				
Insurance loss recoveries	-	-	-	2,027
Sale of transportation equipment	2,845	-	-	-
Sale of other property	2,653	-	-	-
Operating transfers in	237,896	430,407	435,552	169,662
Operating transfers out	(237,896)	(430,407)	(435,552)	(169,662)
Total Other Financing Sources (Uses)	5,498	-	-	2,027
Net Change in Fund Balances	(475,016)	(429,566)	(586,834)	(350,038)
Fund Balances:				
July 1	2,416,561	2,846,389	3,420,064	3,769,708
Prior period adjustments	79	-	-	-
July 1, as restated	2,416,640	2,846,389	3,420,064	3,769,708
Increase (Decrease) in reserve for inventory	(18,816)	(262)	13,159	394
June 30	$ 1,922,808	$ 2,416,561	$ 2,846,389	$ 3,420,064

*SOURCE - PRIOR YEAR AUDIT REPORTS

ABERDEEN SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

ABERDEEN SCHOOL DISTRICT

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

Superintendent and School Board
Aberdeen School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Aberdeen School District as of and for the year ended June 30, 2008, which collectively comprise Aberdeen School District's basic financial statements and have issued our report thereon dated June 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Findings and Questioned Costs as Findings 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

Aberdeen School District's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. We did not audit Aberdeen School District's responses and, accordingly, we express no opinion on them.

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

Cox & Palmer

Cox and Palmer, P.A.
June 17, 2009

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

Superintendent and School Board
Aberdeen School District

Compliance

We have audited the compliance of the Aberdeen 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, 2008. The Aberdeen School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

In our opinion, Aberdeen 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, 2008.

Aberdeen School District
Report on Compliance and Internal Controls

Internal Control Over Compliance

The management of the Aberdeen 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 Aberdeen School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

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

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

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

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

Cox & Palmer

Cox and Palmer, P.A.
June 17, 2009

ABERDEEN SCHOOL DISTRICT

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

ABERDEEN SCHOOL DISTRICT

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

Superintendent and School Board
Aberdeen School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Aberdeen School District as of and for the year ended June 30, 2008, which collectively comprise Aberdeen School District's basic financial statements and have issued our report thereon dated June 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported $5,424 of classroom supply funds carried over from previous years.

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

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

Aberdeen School District
Reports on State Laws and Regulations

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

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

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

Cox & Palmer

Cox and Palmer, P.A.
June 17, 2009

ABERDEEN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ABERDEEN SCHOOL DISTRICT

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ABERDEEN SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements: Unqualified

2. Material noncompliance relating to the financial statements? No

3. Internal control over financial reporting:

   a. Material weakness(es) identified? No
   b. Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Federal Awards:

4. Type of auditor's report issued on compliance for major federal programs: Unqualified

5. Internal control over major programs:

   a. Material weakness(es) identified? No
   b. Significant deficiency(ies) identified that are not considered to be material weaknesses? No

6. Any audit finding(s) reported as required by Section ___.510(a) of Circular A-133? No

7. Federal programs identified as major programs:

   a. Cluster: Child Nutrition
      CFDA # 10.553 – School Breakfast Program
      CFDA # 10.555 – National School Lunch Program

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 Deficiencies Considered Not to Be a Material Weakness

2008-1 Controls should be strengthen surrounding the purchasing/expenditure function

Finding

Management is responsible for establishing a proper internal control system to insure proper financial accountability and reporting of all funds.

During our test of expenditures, there were three instances noted where the purchase requisitions and purchase orders were dated after the invoice. They were as follows:

a. Check no. 52219, dated July 30, 2007, was issued to Dahlem Sales and Service, Inc. in the amount of $34.50. The invoice was dated June 28, 2007, purchase requisition no. 30414 was dated July 9, 2007 and purchase order no. 14157 was dated July 11, 2007.

b. Check no. 52495, dated August 13, 2007, was issued to Power Equipment Sales & Service in the amount of $182.83. The invoice was dated July 10, 2007, purchase requisition no. 30590 was dated July 30, 2007 and purchase order no. 14380 was dated July 31, 2007. In addition to the problems with the dates, the items listed on the invoice did not agree to the total of the invoice.

c. Check no. 57890, dated February 6, 2008, was issued to Tombigbee Contractors, LLC in the amount of $365.92. The invoice was dated January 15, 2008, purchase requisition was dated January 29, 2008 and purchase order no. 16057 was dated January 31, 2008.

Non-adherence to district's policy could result in unauthorized purchases being made.

Recommendation

District policies should be followed.

2008-2 Inadequate Documentation

Finding

During the test of payroll, it was noted that the Transportation Director was paid $6,896.12 in excess of the approved 225 day contract. This additional compensation was for duties associated with the afterschool program. However, adequate documentation was not on file to support this payment.

Recommendation

All payments should be properly documented.

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.

ABERDEEN SCHOOL DISTRICT

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ABERDEEN SCHOOL DISTRICT

AUDITEE'S CORRECTIVE ACTION PLAN

ABERDEEN SCHOOL DISTRICT

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School District

Aberdeen

P.O. Box 607 · Aberdeen, MS 39730 · (662) 369-4682 · #7

GEORGE R. GILREATH, Ph.D.
Superintendent

Financial & Compliance Audit Division

As required by Section ___.315(c) of OMB Circular A-133, the Aberdeen School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2008.

Finding Corrective Action Plan Details

2008-1 a. Name of Contact Person Responsible for Corrective Action:

Name: Mr. David Phillips
Title: Chief Financial Officer
Phone: 662-369-0984

b. Corrective Action Planned:

The Aberdeen School District will update its purchasing policies to strengthen controls in this area. In addition, all policies will be disseminated to staff and staff will be briefed at the beginning of the school year on the proper purchasing procedures for the District.

c. Anticipated Completion Date:

Immediately.

2008-2 a. Name of Contact Person Responsible for Corrective Action:

Name: Mr. David Phillips
Title: Chief Financial Officer
Phone: 662-369-0984

b. Corrective Action Planned:

The Aberdeen School District will consult with legal counsel regarding the payments made to the Transportation Director that were above his contract amount. Recommendations of legal counsel will be followed.

c. Anticipated Completion Date:

Immediately.

ABERDEEN SCHOOL DISTRICT

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