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**Copiah County School District
Financial Statements
For the Year Ended
June 30, 2008**

Copiah County School District
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COPIAH COUNTY SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

PATRICK E. LOWERY AND ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

Member of Mississippi Society
of Certified Public Accountants

215 SOUTH RAILROAD AVENUE
BROOKHAVEN, MISSISSIPPI 39601

PHONE (601) 833-1456
FAX (601) 833-9896
EMAIL: plowery3@bellsouth.net

Member of American Institute
of Certified Public Accountants

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

Superintendent and School Board
Copiah County School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Copiah County School District as of and for the year ended June 30, 2008, which collectively comprise the Copiah County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Copiah County School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

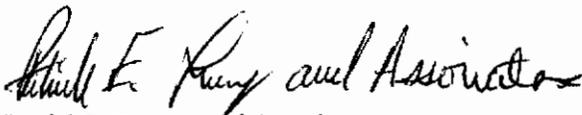
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Copiah County School District, as of June 30, 2008, and the respective 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 July 9, 2009, on our consideration of the Copiah County School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4 through 12 and the Budgetary Comparison Schedules and corresponding notes on pages 36 through 39 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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.



Patrick E. Lowery and Associates
Certified Public Accountants

July 9, 2009

COPIAH COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

COPIAH COUNTY DEPARTMENT OF EDUCATION

TELEPHONE (601) 894-1341

FAX (601) 894-2634



RICKEY CLOPTON, SUPERINTENDENT

254 W. GALLATIN - HAZLEHURST, MISS. 39083

The discussion and analysis of the Copiah County 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 financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the District's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets increased \$697,403, which represents a 7% increase from fiscal year 2007. This increase in net assets is primarily due to the following: 1) the repayment of debt principal in the amount of \$396,111 was not reported as an expense in the Statement of Activities but as a reduction of long-term liabilities on the Statement of Net Assets, 2) an increase in Mississippi Adequate Education Program (MAEP) funds received during the fiscal year, and 3) sixteenth section sources generated during the fiscal year primarily from the sale of timber, sixteenth section leases and earnings on investments.
- General revenues accounted for \$17,429,202 in revenue, or 78% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,911,730, or 22% of total revenues.
- The District had \$21,643,529 in expenses; only \$4,911,730 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$17,429,202 were adequate to provide for these programs.
- Among major funds, the General Fund had \$16,685,998 in revenues and \$16,124,674 in expenditures. After net other financing uses of \$550,928, the net change in fund balance for the General Fund was an increase of \$10,396 from the previous fiscal year.
- Capital assets, net of accumulated depreciation, decreased by \$84,604.
- Long-term debt decreased by \$383,278 due primarily to principal payments made during the fiscal year on existing long-term debt.

COPIAH COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

COPIAH COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

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

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

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

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

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

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

Additionally, a schedule of federal awards, required by OMB Cir. A-133, a schedule of instructional, administrative, and other expenditures for governmental funds and Statement of Revenues, Expenditures and Changes in Fund Balance, General Fund and All Governmental Funds, Last Four Years is included in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$10,270,779 as of June 30, 2008.

COPIAH COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

The district's net assets are comprised of 1) net assets invested in capital assets, net of related debt, 2) restricted net assets and 3) unrestricted net assets. \$1,968,822 of the District's net assets (19%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, mobile equipment and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending. \$4,070,595 of the District's net assets (40%) reflects its restricted net assets. A portion of the restricted net assets is expendable for school based activities, debt service, forestry improvements and unemployment benefits. The remaining portion of the restricted net assets is nonexpendable for 16th section investment purposes. \$4,231,362 of the District's net assets (41%) reflects its unrestricted net assets.

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

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2008 and comparative data for the fiscal year ended June 30, 2007.

	<u>Net Assets</u>		Percentage
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>
Current assets	\$ 8,441,033	\$ 8,779,869	(3.9) %
Other assets	506,871	476,944	6.3 %
Capital assets, net	<u>6,694,934</u>	<u>6,779,538</u>	(1.2) %
Total assets	<u>15,642,838</u>	<u>16,036,351</u>	(2.5) %
Current liabilities	497,903	1,205,541	(58.7) %
Long-term debt outstanding	<u>4,874,156</u>	<u>5,257,434</u>	(7.3) %
Total liabilities	<u>5,372,059</u>	<u>6,462,975</u>	(16.9) %
Net assets:			
Invested in capital assets, net of related debt	1,968,822	1,657,315	18.8 %
Restricted	4,070,595	3,682,262	10.5 %
Unrestricted	<u>4,231,362</u>	<u>4,233,799</u>	(0.1) %
Total net assets	<u>\$ 10,270,779</u>	<u>9,573,376</u>	7.3 %

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

- Current liabilities decreased from the previous fiscal year due primarily to a decrease in amounts due to other governments. The balance in amounts due to other governments in the previous fiscal year resulted from the interfund receivable/payable between fiduciary funds and governmental funds related to the accrued payroll liability. For the current

COPIAH COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

fiscal year, the funds to cover the accrued payroll liability were transferred to the fiduciary funds as of June 30 and the liability was recorded at fiscal year end in the fiduciary funds.

- Long-term debt outstanding decreased from the previous fiscal year due primarily to principal payments made during the fiscal year on existing long-term debt.
- Net assets invested in capital assets, net of related debt, increased from the previous fiscal year due primarily to the reduction of long-term debt related to the capital assets.
- Restricted net assets increased from the previous fiscal year due primarily to an increase in amounts restricted for school based activities.

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2008 were \$22,340,932. The total cost of all programs and services was \$21,643,529. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2008 and comparative data for the fiscal year ended June 30, 2007.

	<u>Change in Net Assets</u>		<u>Percentage Change</u>
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	
Revenues:			
Program revenues:			
Charges for services	\$ 755,447	\$ 748,978	0.9 %
Operating grants and contributions	4,156,283	4,001,319	3.9 %
General revenues:			
Property taxes	3,443,427	3,330,745	3.4 %
Grants and contributions not restricted	13,514,866	12,816,578	5.4 %
Other	470,909	684,289	(31.2) %
Total revenues	<u>22,340,932</u>	<u>21,581,909</u>	3.5 %
Expenses:			
Instruction	11,522,089	10,877,326	5.9 %
Support services	7,810,523	7,489,993	4.3 %
Non-instructional	2,047,143	1,982,306	3.3 %
Sixteenth section	22,994	45,858	(49.9) %
Interest and other expenses on long-term liabilities	240,780	258,055	(6.7) %
Total expenses	<u>21,643,529</u>	<u>20,653,538</u>	4.8 %
Increase (Decrease) in net assets	697,403	928,371	(24.9) %
Net Assets, July 1	9,573,376	8,648,743	10.7 %
Prior Period Adjustments	0	(3,738)	
Net Assets, Restated, July 1	<u>9,573,376</u>	<u>8,645,005</u>	10.7 %
Net Assets, June 30	<u>\$10,270,779</u>	<u>\$ 9,573,376</u>	7.3 %

COPIAH COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Governmental activities. The following table presents, for the fiscal year ended June 30, 2008 and comparative data for the fiscal year ended June 30, 2007, the cost of five major District functional activities: instruction, support services, non-instructional, sixteenth section and interest and other expenses on long-term debt. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

	<u>2008</u>		<u>2007</u>	
	<u>Total Expenses</u>	<u>Net (Expense) Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense) Revenue</u>
Instruction	\$ 11,522,089	\$ (9,473,039)	\$ 10,877,326	\$ (8,982,572)
Support services	7,810,523	(6,640,900)	7,489,993	(6,311,317)
Non-instructional	2,047,143	(366,749)	1,982,306	(345,308)
Sixteenth section	22,994	(10,331)	45,858	(5,989)
Interest and other expenses on long-term liabilities	<u>240,780</u>	<u>(240,780)</u>	<u>258,055</u>	<u>(258,055)</u>
Total expenses	<u>\$ 21,643,529</u>	<u>\$ (16,731,799)</u>	<u>\$ 20,653,538</u>	<u>\$ (15,903,241)</u>

- The net cost of governmental activities for fiscal year 2008 in the amount of \$16,731,799 was financed by general revenue, which is made up of primarily property taxes of \$3,443,427 and state revenue of \$13,378,054.
- Investment earnings accounted for \$260,532 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 fiscal year June 30, 2008, its governmental funds reported a combined fund balance of \$8,534,953. The net change in fund balance for the fiscal year was an increase of \$392,123 due primarily to an increase in Mississippi Adequate Education Program (MAEP) funds received during the fiscal year and sixteenth section sources generated during the fiscal year primarily from the sale of timber, sixteenth section leases and earnings on investments. \$7,307,035, or 86%, of the fund balance is reported by fund type in the unreserved, undesignated section of the Governmental Funds Balance Sheet. The portion of the fund balance reported in the General Fund is available for spending at the District's discretion. The portion of the fund

COPIAH COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

balance reported in the Special Revenue Funds will be used for school based activities. The remaining fund balance of \$1,227,918, or 14%, is reserved or designated to indicate that it is not available for spending because it has already been committed. This portion of the fund balance is reserved for advances, inventory, unemployment benefits, forestry improvements, debt service purposes and permanent fund purposes.

The General Fund is the principal operating fund of the District. The net change in fund balance for the General Fund for the fiscal year was an increase of \$10,396. The net change in fund balance for the 16th Section Interest Fund for the fiscal year was an increase of \$259,274 due to sixteenth section sources generated during the fiscal year primarily from the sale of timber, sixteenth section leases and earnings on investments. The net change in fund balance for the Other Governmental Funds for the fiscal year was an increase of \$122,453 due primarily to the excess of revenues over expenditures in various funds.

BUDGETARY HIGHLIGHTS

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

- Budgeted amounts for revenue from local and state sources in the General Fund were decreased to more accurately reflect local and state sources actually received during the fiscal year. The amounts originally budgeted were overstated.
- Budgeted amounts for instruction and support services expenditures in the General Fund were decreased to more accurately reflect expenditures incurred during the fiscal year. The amounts originally budgeted were overstated.
- Budgeted amounts for revenue from sixteenth section sources in the 16th Section Interest Fund were decreased to more accurately reflect the actual revenue generated primarily from the sale of timber, sixteenth section leases and earnings on investments. The amounts originally budgeted were overstated.

Other budget revisions were made during the fiscal year to increase or decrease revenues and expenditures as needed. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and other major special revenue funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2008, the District's total capital assets, before depreciation, were \$13,161,975, including land, buildings, improvements other than buildings, mobile equipment and furniture and equipment. This amount represents a gross increase of \$234,368 from the previous year due primarily to the purchase of several new school buses and other items of mobile equipment and furniture and equipment. Total depreciation expense for the year was

**COPIAH COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

\$361,572. Total accumulated depreciation as of June 30, 2008 was \$6,467,041, resulting in total net capital assets of \$6,694,934.

	<u>Capital Assets, Net of Depreciation</u>		<u>Percentage Change</u>
	<u>2008</u>	<u>2007</u>	
Land	\$ 156,772	\$ 156,772	0.0 %
Buildings	5,099,086	5,243,531	(2.8) %
Improvements other than buildings	74,736	79,252	(5.7) %
Mobile equipment	1,326,923	1,257,618	5.5 %
Furniture and equipment	37,417	42,365	(11.7) %
Total	<u>\$ 6,694,934</u>	<u>\$ 6,779,538</u>	(1.2) %

Debt Administration. At June 30, 2008, the District had \$4,874,156 in limited obligation bonds and other long-term debt outstanding, of which \$420,553 is due within one year. During the fiscal year, the District made principal payments in the amount of \$396,111 on existing long-term debt.

	<u>Outstanding Debt</u>		<u>Percentage Change</u>
	<u>2008</u>	<u>2007</u>	
Limited obligation bonds payable	\$ 3,625,000	\$ 3,900,000	(7.1) %
Three mill notes payable	1,040,000	1,100,000	(5.5) %
Transportation equipment loans payable	61,112	122,223	(50.0) %
Compensated absences payable	148,044	135,211	9.5 %
Total	<u>\$ 4,874,156</u>	<u>\$ 5,257,434</u>	(7.3) %

CURRENT ISSUES

The Copiah County School District is financially stable. The District is proud of its community support of the public schools. The District has committed itself to financial excellence for many years. 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.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Copiah County School District, 254 W. Gallatin, Hazlehurst, MS 39083.

COPIAH COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

Copiah County School District
Statement of Net Assets
June 30, 2008

Exhibit A

	<u>Governmental</u>
	<u>Activities</u>
Assets	
Cash and cash equivalents	\$ 7,628,129
Due from other governments	757,611
Inventories	55,293
Restricted assets	506,871
Capital assets, not being depreciated:	
Land	156,772
Capital assets, net of accumulated depreciation:	
Buildings	5,099,086
Improvements other than buildings	74,736
Mobile equipment	1,326,923
Furniture and equipment	<u>37,417</u>
Total Assets	\$ <u>15,642,838</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 404,547
Unearned revenue	8,404
Interest payable on long-term liabilities	84,952
Long-term liabilities, due within one year	
Capital related liabilities	416,112
Non-capital related liabilities	4,441
Long-term liabilities, due beyond one year	
Capital related liabilities	4,310,000
Non-capital related liabilities	<u>143,603</u>
Total Liabilities	\$ <u>5,372,059</u>
Net Assets	
Investment in capital assets, net of related debt	\$ 1,968,822
Restricted net assets:	
Expendable:	
School - based activities	2,982,922
Debt service	384,900
Forestry improvements	90,308
Unemployment benefits	62,501
Non-expendable:	
Sixteenth section	549,964
Unrestricted	<u>4,231,362</u>
Total Net Assets	\$ <u>10,270,779</u>

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

Copiah County School District
 Statement of Activities
 For the Year Ended June 30, 2008

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
Instruction	\$ 11,522,089	311,004	1,738,046	-	(9,473,039)
Support services	7,810,523	-	1,169,623	-	(6,640,900)
Non-instructional	2,047,143	431,780	1,248,614	-	(366,749)
Sixteenth section	22,994	12,663	-	-	(10,331)
Interest on long-term liabilities	240,780	-	-	-	(240,780)
Total governmental activities	\$ 21,643,529	755,447	4,156,283	-	(16,731,799)

General Revenues:

Taxes:

General purpose levies	3,273,494
Debt purpose levies	169,933

Unrestricted grants and contributions:

State	13,378,054
Federal	136,812
Unrestricted investment earnings	260,532
Sixteenth section sources	155,789
Other	54,588
Total General Revenues	17,429,202

Change in Net Assets 697,403

Net Assets - Beginning 9,573,376

Net Assets - Ending \$ 10,270,779

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

Copiah County School District
 Balance Sheet - Governmental Funds
 June 30, 2008

Exhibit C

	Major Funds			
	General	16th Section	Other	Total
	Fund	Interest Fund	Governmental Funds	Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,300,565	2,627,479	1,136,142	8,064,186
Investments	-	-	70,814	70,814
Due from other governments	295,896	961	453,954	750,811
Due from other funds	253,705	-	-	253,705
Advance to other funds	-	-	119,341	119,341
Inventories	-	-	55,293	55,293
Total Assets	\$ 4,850,166	2,628,440	1,835,544	9,314,150
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 351,419	-	53,128	404,547
Due to other funds	-	-	246,905	246,905
Advances from other funds	119,341	-	-	119,341
Unearned revenue	-	-	8,404	8,404
Total Liabilities	470,760	-	308,437	779,197
Fund Balances:				
Reserved for:				
Advances	-	-	119,341	119,341
Inventory	-	-	55,293	55,293
Unemployment benefits	-	-	62,501	62,501
Forestry improvements	-	-	90,308	90,308
Debt service purposes	-	-	469,852	469,852
Permanent fund purposes	-	-	430,623	430,623
Unreserved:				
Undesignated, reported in:				
General fund	4,379,406	-	-	4,379,406
Special Revenue funds	-	2,628,440	299,189	2,927,629
Total Fund Balances	4,379,406	2,628,440	1,527,107	8,534,953
Total Liabilities and Fund Balances	\$ 4,850,166	2,628,440	1,835,544	9,314,150

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

Copiah County School District
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2008

Exhibit C-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 8,534,953
Amounts reported for governmental activities in the statement of net assets are different because:	
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$6,467,041.	6,694,934
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds as follows.	
Long-term liabilities	(4,874,156)
Accrued interest on debt	<u>(84,952)</u>
Total Net Assets - Governmental Activities	\$ <u><u>10,270,779</u></u>

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

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

Exhibit D

	Major Funds		Other	Total
	General	16th Section	Governmental	Governmental
	Fund	Interest Fund	Funds	Funds
Revenues:				
Local sources	\$ 3,748,503	88,384	658,528	4,495,415
State sources	12,800,644	-	904,981	13,705,625
Federal sources	136,851	-	3,828,673	3,965,524
Sixteenth section sources	-	155,673	18,695	174,368
Total Revenues	16,685,998	244,057	5,410,877	22,340,932
Expenditures:				
Instruction	9,373,604	-	2,001,838	11,375,442
Support services	6,621,346	-	1,256,866	7,878,212
Noninstructional services	120,807	-	1,908,516	2,029,323
Sixteenth section	3,000	6,087	13,907	22,994
Debt service:				
Principal	-	-	396,111	396,111
Interest	5,917	-	241,469	247,386
Total Expenditures	16,124,674	6,087	5,818,707	21,949,468
Excess (Deficiency) of Revenues Over Expenditures	561,324	237,970	(407,830)	391,464
Other Financing Sources (Uses):				
Operating transfers in	-	21,304	586,571	607,875
Operating transfers out	(550,928)	-	(56,947)	(607,875)
Total Other Financing Sources (Uses)	(550,928)	21,304	529,624	-
Net Change in Fund Balances	10,396	259,274	121,794	391,464
Fund Balances:				
July 1, 2007	4,369,010	2,369,166	1,404,654	8,142,830
Increase (Decrease) in reserve for inventory	-	-	659	659
June 30, 2008	\$ 4,379,406	2,628,440	1,527,107	8,534,953

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

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

Exhibit D-1

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 391,464
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 these expenditures over the life of the assets. Capital asset purchases amounted to \$286,961 and the depreciation expense amounted to \$361,572.	(74,611)
2. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of activities.	396,111
3. In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in governmental funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the following item:	
Losses on sales of capital assets	(9,993)
4. 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	(12,833)
5. Governmental funds recognize interest on long-term debt when it becomes due, however, the statement of activities recognizes interest as it accrues regardless of when it becomes due.	6,606
6. An increase (+)/decrease(-) in the reserve for inventory is reported as a direct increase/decrease to the fund balance in the governmental funds but is a decrease/increase in noninstructional service expenses in the Statement of Activities.	<u>659</u>
Change in Net Assets of Governmental Activities	\$ <u><u>697,403</u></u>

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

Copiah County School District
Statement of Fiduciary Assets and Liabilities
June 30, 2008

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ <u>1,013,890</u>
Total Assets	\$ <u><u>1,013,890</u></u>
Liabilities	
Accounts payable and accrued liabilities	\$ 954,096
Due to other funds	6,800
Due to student clubs	<u>52,994</u>
Total Liabilities	\$ <u><u>1,013,890</u></u>

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

COPIAH COUNTY SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

(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 a "primary government." The school district is governed by a 5 member board to which each member was elected by the citizens of each defined county district.

For financial reporting purposes, Copiah County 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 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 the 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.

COPLAH COUNTY SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

The Statement of Activities demonstrates the degree to which 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.

16th Section Interest Fund - This fund accounts for the transactions resulting from the generation of revenue from the 16th section land within that individual township that is legally required to be placed in a 16th section interest fund.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

COPIAH COUNTY SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

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

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.

COPIAH COUNTY SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

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 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.

COPIAH COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2008

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 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. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal Fund is not available for use by the district except as provided for under state statute for loans from this account.

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 an 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 threshold in the following table and estimated useful lives in excess of two years.

Capital acquisition and construction are reflected as expenditures in 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

COPIAH COUNTY SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

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

Reserved for inventory - An account that represents a portion of the fund balance which indicates

COPIAH COUNTY SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

that inventories do not represent available spendable resources even though they are a component of net current assets.

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

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

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

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

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

(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 investment: (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.

COPIAH COUNTY SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

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 \$8,064,186 and \$1,013,890, respectively. The carrying amount of deposits reported in the government-wide statements was: Cash and cash equivalents \$7,628,129 and Restricted Assets \$436,057. The Restricted Assets represents the cash balance of the 16th section Principal funds (Permanent Funds) and investments in the MAEP debt service fund which is legally restricted and may not be used for purposes that support the district's programs. The bank balance was \$10,158,866.

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 \$10,158,866 was exposed to custodial credit risk.

Investments.

As of June 30, 2008, the district had the following investments. All investments are in an internal investment pool.

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
U S Government Securities	Less than 1	70,814	AA
Subtotal		<u>70,814</u>	
Total Investments		<u>\$ 70,814</u>	

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.

(3) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Other Governmental Funds	\$ 246,905
	Fiduciary Funds	<u>6,800</u>
Total Funds		<u>\$ 253,705</u>

COPIAH COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2008

The purpose of the interfund receivables and payables are to close-out federal program funds at year end. All interfund receivables and payables are expected to be repaid within one year.

B. Advances To/From Other Funds:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
16th section principal fund	General fund	\$ 119,341
Total Funds		<u>\$ 119,341</u>

Sixteenth section principal loans payable.

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 13,118	5,917	19,035
2010	13,118	5,917	19,035
2011	13,118	5,917	19,035
2012	10,593	4,770	15,363
2013	10,593	4,770	15,363
2014 - 2018	52,963	23,850	76,813
2019 - 2020	5,838	2,653	8,491
Total	<u>\$ 119,341</u>	<u>53,794</u>	<u>173,135</u>

C. Transfers In/Out.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General fund	Other governmental funds	\$ 550,928
Other Governmental Funds	16th section interest fund	21,304
	Other governmental funds	35,643
Total Funds		<u>\$ 607,875</u>

The purposes of interfund transfers are to transfer federal program indirect costs to the General fund and to

COPIAH COUNTY SCHOOL DISTRICT

**Notes to Financial Statements
For the Year Ended June 30, 2008**

close out federal programs at year end. These transfers are consistent with the activities of the fund making the transfer.

(4) Restricted Assets.

The restricted assets represent the cash balances, totaling \$436,057 of the Sixteenth Section Principal Fund (Permanent Fund) and investments of \$70,814 in the MAEP debt service fund which are legally restricted and may not be used for purposes that support the district's programs.

(5) Capital Assets.

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

	<u>Balance 7-1-2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed Construction</u>	<u>Adjustments</u>	<u>Balance 6-30-2008</u>
Non-depreciable capital assets:						
Land	\$ 156,772					\$ 156,772
Total non-depreciable capital assets	<u>156,772</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>156,772</u>
Depreciable capital assets:						
Buildings	9,277,574					9,277,574
Building improvements						
Improvements other Than buildings	112,900					112,900
Mobile equipment	2,759,713	280,961	52,593			2,988,081
Furniture and equipment	620,648	6,000				626,648
Total depreciable capital Assets	<u>12,770,835</u>	<u>286,961</u>	<u>52,593</u>	<u>0</u>	<u>0</u>	<u>13,005,203</u>
Less accumulated depreciation for:						
Buildings	(4,034,043)	(144,445)				(4,178,488)
Building improvements						
Improvements other Than buildings	(33,648)	(4,516)				(38,164)
Mobile equipment	(1,502,095)	(201,663)	(42,600)			(1,661,158)
Furniture and equipment	(578,283)	(10,948)				(589,231)
Total accumulated depreciation	<u>(6,148,069)</u>	<u>(361,572)</u>	<u>(42,600)</u>	<u>0</u>	<u>0</u>	<u>(6,467,041)</u>
Total depreciable capital assets, net	<u>6,622,766</u>	<u>(74,611)</u>	<u>9,993</u>	<u>0</u>	<u>0</u>	<u>6,538,162</u>
Governmental activities capital assets, net	<u>\$ 6,779,538</u>	<u>(74,611)</u>	<u>9,993</u>	<u>0</u>	<u>0</u>	<u>\$ 6,694,934</u>

COPIAH COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2008

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 137,664
Support services	206,071
Non-instructional	17,837
 Total depreciation expense	 \$ 361,572

(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	Adjustments	Balance 6-30-2008	Amounts due within one year
A. Limited obligation bonds Payable	\$ 3,900,000		275,000		\$ 3,625,000	290,000
B. Three mill notes payable	1,100,000		60,000		1,040,000	65,000
C. Transportation equipment loans payable	122,223		61,111		61,112	61,112
D. Compensated absences payable	135,211	12,833			148,044	4,441
Total	\$ 5,257,434	12,833	396,111	0	\$ 4,874,156	420,553

A. Limited obligation bonds payable.

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital Improvement, Series 1998	6.0-4.625%	03/01/1998	08/01/2017	\$ 5,880,000	3,625,000
 Total				\$ 5,880,000	3,625,000

COPIAH COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2008

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

	Year Ending June 30	Principal	Interest	Total
2009	\$	290,000	168,550	458,550
2010		300,000	155,790	455,790
2011		315,000	142,290	457,290
2012		335,000	127,800	462,800
2013		350,000	112,390	462,390
2014 - 2018		2,035,000	285,554	2,320,554
Total	\$	3,625,000	992,374	4,617,374

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 Debt Service Fund.

- B. Three mill notes payable.
Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Three mill-ten year notes	5.2%-5.6%	10/1/2000	10/1/2020	\$ 1,400,000	1,040,000
Total				\$ 1,400,000	1,040,000

Details of the district's June 30, 2008 three mill notes payable are as follows:

	Year Ending June 30	Principal	Interest	Total
2009	\$	65,000	54,061	119,061
2010		65,000	50,681	115,681
2011		65,000	47,301	112,301
2012		70,000	43,791	113,791
2013		70,000	40,151	110,151
2014 - 2018		420,000	137,911	557,911
2019 - 2021		285,000	24,313	309,313
Total	\$	1,040,000	398,209	1,438,209

COPIAH COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2008

This debt will be retired from the 1.4 m note Debt Service Fund.

C. Transportation equipment loans payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Transportation Equipment Notes Series 2002	3.82%	09/01/2002	08/31/2008	\$ 366,667	61,112
Total				\$ 366,667	61,112

Details of the district's June 30, 2008 transportation equipment loans payable are as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 61,112	2,340	63,452
Total	\$ 61,112	2,340	63,452

This debt will be retired from the Education Enhancement Building & Buses Fund.

D. 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) 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 \$1,380,828, \$1,273,757, and \$1,190,632, respectively, which equaled the required contributions for each year.

COPIAH COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2008

(8) Sixteenth Section Lands.

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

Year Ending June 30	Amount
2009	\$ 28,615
2010	28,251
2011	19,997
2012	19,997
2013	9,110
2014-2018	45,048
2019-2023	45,048
2024-2028	45,048
2029-2033	41,090
Thereafter	<u>66,888</u>
Total	<u>\$ 349,092</u>

(9) 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 school district's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by 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

COPIAH COUNTY SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

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.

(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.

(11) Uncertainties.

In cases where a township is occupied by two or more school districts, state law requires that available sixteenth section funds shall be divided between the school districts lying wholly or partly within such townships in proportion to the number of children enrolled and residing in each school district. In order to determine what portions of available sixteenth section funds are due to or from other school district, the superintendent of each school district is required to compile lists of such children in compliance with Section 29-3-121, Miss. Code Ann. (1972). Because the Hazlehurst City School District did not file lists of children as required, no division of sixteenth section revenues has been accrued as a receivable or payable, as the case may be.

Of the townships Copiah County School District shares with other school districts, Copiah County School District has control of some of the sixteenth section property. A portion of the sixteenth section revenues (rents, leases, timber sales, etc.) Copiah County School District received on these sections may be due to other school districts. In addition, on the other townships where another school district controls the sixteenth section property, Copiah County School District may be entitled to a portion of the sixteenth section revenue the other school district(s) received. Because Hazlehurst City School District did not compile or file lists of children as state law requires in either the current year or in preceeding years, neither the amounts of any liabilities owed to other that school district nor the amounts of any receivable from Hazlehurst City School District can be determined.

COPIAH COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Copiah County 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	\$ 3,989,888	3,749,001	3,748,503	(240,887)	(498)
State sources	13,233,056	12,802,483	12,800,644	(430,573)	(1,839)
Federal sources	156,000	137,840	136,851	(18,160)	(989)
Total Revenues	17,378,944	16,689,324	16,685,998	(689,620)	(3,326)
Expenditures:					
Instruction	10,264,620	9,595,933	9,373,604	668,687	222,329
Support services	8,163,479	6,864,260	6,621,346	1,299,219	242,914
Noninstructional services	204,937	157,562	120,807	47,375	36,755
Sixteenth section	5,000	5,000	3,000	-	2,000
Facilities acquisition and construction	68,000	15,130	-	52,870	15,130
Debt service:					
Principal	-	-	-	-	-
Interest	-	5,918	5,917	(5,918)	1
Total Expenditures	18,706,036	16,643,803	16,124,674	2,062,233	519,129
Excess (Deficiency) of Revenues Over Expenditures					
	(1,327,092)	45,521	561,324	1,372,613	515,803
Other Financing Sources (Uses):					
Operating transfers in	1,172,098	1,061,787	-	(110,311)	(1,061,787)
Operating transfers out	(1,547,368)	(1,650,750)	(550,928)	(103,382)	1,099,822
Total Other Financing Sources (Uses)	(375,270)	(588,963)	(550,928)	(213,693)	38,035
Net Change in Fund Balances	(1,702,362)	(543,442)	10,396	1,158,920	553,838
Fund Balances:					
July 1, 2007			4,369,010		
June 30, 2008			\$ 4,379,406		

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

Copiah County School District
 Budgetary Comparison Schedule
 16th Section Interest 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	\$ 75,000	88,400	88,384	13,400	(16)
16th section sources	323,500	155,759	155,673	(167,741)	(86)
Total Revenues	<u>398,500</u>	<u>244,159</u>	<u>244,057</u>	<u>(154,341)</u>	<u>(102)</u>
Expenditures:					
Sixteenth section	30,700	26,094	6,087	4,606	20,007
Total Expenditures	<u>30,700</u>	<u>26,094</u>	<u>6,087</u>	<u>4,606</u>	<u>20,007</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>367,800</u>	<u>218,065</u>	<u>237,970</u>	<u>(149,735)</u>	<u>19,905</u>
Other Financing Sources (Uses):					
Operating transfers in	23,000	21,305	21,304	(1,695)	(1)
Total Other Financing Sources (Uses)	<u>23,000</u>	<u>21,305</u>	<u>21,304</u>	<u>(1,695)</u>	<u>(1)</u>
Net Change in Fund Balances	<u>390,800</u>	<u>239,370</u>	<u>259,274</u>	<u>(151,430)</u>	<u>19,904</u>
Fund Balances:					
July 1, 2007			<u>2,369,166</u>		
June 30, 2008			\$ <u><u>2,628,440</u></u>		

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

COPIAH COUNTY 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 Schedules present the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

(2) Budget amendments and revisions.

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

COPIAH COUNTY SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

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

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	328,528
National school lunch program	10.555	898,350
Summer food service program for children	10.559	35,611
Total child nutrition cluster		<u>1,262,489</u>
Total U.S. Department of Agriculture		<u>1,262,489</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.XXX	84,060
Total Federal Communications Commission		<u>84,060</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	913,677
Career and technical education-basic grants to states	84.048	52,940
Safe and drug-free schools and communities - state grants	84.186	900
Twenty-first century community learning centers	84.287	113,327
State Grants for innovative programs	84.298	4,100
Education Technology State Grants	84.318	10,315
Grants for state assessments and related activities	84.369	16,416
Reading first state grants	84.357	374,246
Teacher quality enhancement grants	84.336	120
Improving teacher quality - state grants	84.367	289,256
Total		<u>1,775,297</u>
Special education cluster:		
Special education - grants to states	84.027	743,932
Special education - preschool grants	84.173	11,825
Total		<u>755,757</u>
Total passed-through Mississippi Department of Education		<u>2,531,054</u>
Total U.S. Department of Education		<u>2,531,054</u>

Other Federal Assistance

Department of Defense

Direct program:

Reserve Officers' Training Corps

12.XXXX

42,940

Total Other Federal Assistance

42,940

Total for All Federal Awards

\$ 3,920,543

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.

COPIAH COUNTY SCHOOL DISTRICT

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2008

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 15,966,465	12,054,700	580,575	1,066,308	2,264,882
Other	5,983,003	1,501,417	472,297	188,204	3,821,085
Total	\$ 21,949,468	13,556,117	1,052,872	1,254,512	6,085,967
Total number of students*	2,768				
Cost per student	\$ 7,930	4,897	380	453	2,199

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

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

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

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

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

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

Note: include 100 and 200 range object codes on the "Salaries and fringe benefits" line; all other expenditures on the "Other" line

*Month 9 ADA, 2007-2008 School Year

COPIAH COUNTY SCHOOL DISTRICT

OTHER SUPPLEMENTAL INFORMATION

COPIAH COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund

Last Four Years

	2008	2007*	2006*	2005*
Revenues:				
Local sources	\$ 3,748,503	3,749,982	3,597,868	3,370,240
State sources	12,800,644	12,071,928	11,986,781	11,377,944
Federal sources	136,851	135,808	157,328	87,085
Total Revenues	<u>16,685,998</u>	<u>15,957,718</u>	<u>15,741,977</u>	<u>14,835,269</u>
Expenditures:				
Instruction	9,373,604	8,687,701	7,994,559	7,936,061
Support services	6,621,346	6,606,537	5,711,095	5,850,801
Noninstructional services	120,807	115,080	109,452	113,009
Sixteenth section	3,000			880
Facilities acquisition and construction	0		7,991	10,882
Debt service:				
Principal				
Interest	5,917	5,917	7,207	7,206
Other				
Total Expenditures	<u>16,124,674</u>	<u>15,415,235</u>	<u>13,830,304</u>	<u>13,918,839</u>
Excess (Deficiency) of Revenues over Expenditures	<u>561,324</u>	<u>542,483</u>	<u>1,911,673</u>	<u>916,430</u>
Other Financing Sources (Uses):				
Proceeds of loans				
Insurance loss recoveries		14,420	1,403	
Other financing sources				37,685
Operating transfers in		51,295	1,057,739	694,762
Operating transfers out	(550,928)	(610,095)	(1,461,425)	(981,635)
Total Other Financing Sources (Uses)	<u>(550,928)</u>	<u>(544,380)</u>	<u>(402,283)</u>	<u>(249,188)</u>
Net Change in Fund Balances	<u>10,396</u>	<u>(1,897)</u>	<u>1,509,390</u>	<u>667,242</u>
Fund Balances:				
Beginning of year	4,369,010	4,374,645	2,865,255	2,198,013
Prior period adjustments		(3,738)		
Beginning of year, as restated	<u>4,369,010</u>	<u>4,370,907</u>	<u>2,865,255</u>	<u>2,198,013</u>
End of year	<u>\$ 4,379,406</u>	<u>4,369,010</u>	<u>4,374,645</u>	<u>2,865,255</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

COPIAH COUNTY 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	\$ 4,495,415	4,414,405	4,173,681	3,927,800
State sources	13,705,625	13,012,799	12,902,474	12,357,890
Federal sources	3,965,524	3,805,098	4,230,023	3,762,230
Sixteenth section sources	174,368	335,187	355,815	650,729
Total Revenues	22,340,932	21,567,489	21,661,993	20,698,649
Expenditures:				
Instruction	11,375,442	10,739,956	10,380,829	9,758,131
Support services	7,878,212	7,896,895	7,215,544	7,102,289
Noninstructional services	2,029,323	1,958,357	1,809,609	1,734,578
Sixteenth section	22,994	45,858	70,141	279,466
Facilities acquisition and construction			7,991	10,882
Debt service:				
Principal	396,111	391,111	376,111	366,111
Interest	247,386	264,457	282,258	301,353
Other				
Total Expenditures	21,949,468	21,296,634	20,142,483	19,552,810
Excess (Deficiency) of Revenues over Expenditures	391,464	270,855	1,519,510	1,145,839
Other Financing Sources (Uses):				
Other financing sources				37,685
Insurance loss recoveries		14,420	406,404	
Operating transfers in	607,875	661,390	1,514,718	1,015,844
Operating transfers out	(607,875)	(661,390)	(1,514,718)	(1,015,844)
Total Other Financing Sources (Uses)	0	14,420	406,404	37,685
Net Change in Fund Balances	391,464	285,275	1,925,914	1,183,524
Fund Balances:				
Beginning of year	8,142,830	7,864,808	5,934,040	4,744,403
Prior period adjustments		(3,738)		20,585
Beginning of year, as restated	8,142,830	7,861,070	5,934,040	4,764,988
Increase (Decrease) in reserve for invento	659	(3,515)	4,854	(14,472)
End of year	\$ 8,534,953	8,142,830	7,864,808	5,934,040

*SOURCE - PRIOR YEAR AUDIT REPORTS

COPIAH COUNTY SCHOOL DISTRICT

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

PATRICK E. LOWERY AND ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

Member of Mississippi Society
of Certified Public Accountants

215 SOUTH RAILROAD AVENUE
BROOKHAVEN, MISSISSIPPI 39601

PHONE (601) 833-1456
FAX (601) 833-9896
EMAIL: plowery3@bellsouth.net

Member of American Institute
of Certified Public Accountants

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*

December 18, 2008

Superintendent and School Board
Copiah County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Copiah County School District as of and for the year ended June 30, 2008, which collectively comprise the Copiah County School District's basic financial statements and have issued our report thereon dated July 9, 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.

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.

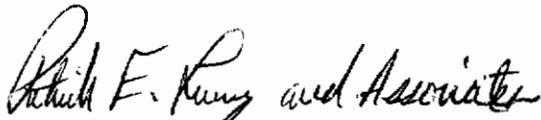
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the school district's internal control.

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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

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.



Patrick E. Lowery and Associates
Certified Public Accountants

July 9, 2009

PATRICK E. LOWERY AND ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

*Member of Mississippi Society
of Certified Public Accountants*

215 SOUTH RAILROAD AVENUE
BROOKHAVEN, MISSISSIPPI 39601

PHONE (601) 833-1456
FAX (601) 833-9896
EMAIL: plowery3@bellsouth.net

*Member of American Institute
of Certified Public Accountants*

**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
Copiah County School District

Compliance

We have audited the compliance of the Copiah County School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The school district's major federal programs are identified in the summary of auditor's results section of the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

In our opinion, Copiah County School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the Covich County School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the school district's internal control over compliance with 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.

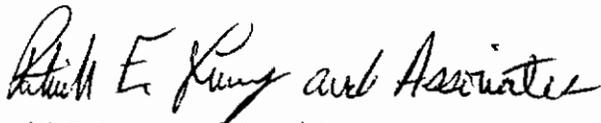
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below,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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in the internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Findings 2008-01 to be a significant deficiency.

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 school district's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Covich County School District's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. We did not audit Covich County School District's response and, accordingly, we express no opinion on it.

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.



Patrick E. Lowery and Associates
Certified Public Accountants

July 9, 2009

COPIAH COUNTY SCHOOL DISTRICT

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

PATRICK E. LOWERY AND ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

*Member of Mississippi Society
of Certified Public Accountants*

215 SOUTH RAILROAD AVENUE
BROOKHAVEN, MISSISSIPPI 39601

PHONE (601) 833-1456

FAX (601) 833-9896

EMAIL: plowery3@bellsouth.net

*Member of American Institute
of Certified Public Accountants*

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

Superintendent and School Board
Copiah County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Copiah County School District as of and for the year ended June 30, 2008, which collectively comprise Copiah County School District's basic financial statements and have issued our report thereon dated July 9, 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.

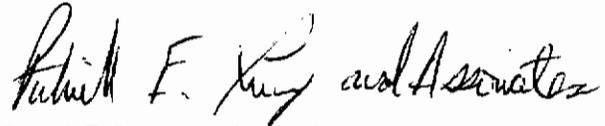
The results of our procedures performed to test compliance with the requirements of Section 37-61-33 (3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$19,135.75 of classroom supply funds carried over from previous years.

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.

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.



Patrick E. Lowery and Associates
Certified Public Accountants

July 9, 2009

COPIAH COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COPIAH COUNTY 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? | No |

Federal Awards:

- | | | |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 4. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 5. | Internal control over major programs: | |
| a. | Material weakness(es) identified? | No |
| b. | Significant deficiency(ies) identified that are not considered to be material weaknesses? | Yes |
| 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. | Child Nutrition Cluster
CFDA # 10.553
CFDA # 10.555
CFDA # 10.559 | |
| b. | Reading First Grant
CFDA # 84.357 | |
| c. | Special Education Cluster
CFDA # 84.027
CFDA # 84.173 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | 300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit 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 |

COPIAH COUNTY SCHOOL DISTRICT

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

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Section 3: Federal Award Findings and Questioned Costs

2008-01 Controls should be strengthened over fixed assets acquired with Federal Award funds.

Finding

Program: Special Education Cluster
Special Education-grants to states CFDA # 84.027
Special Education-preschool grants CFDA # 84.173

Compliance requirement: Equipment and Real Property Management

Management is required to maintain an equipment and property management system for its Federal Award programs and related activities that is adequate to meet the requirements of OMB Circular A-110.

During our test work of 10 pieces of equipment purchased with Special Education funds, we were unable to locate one laptop computer. The district's fixed asset inventory management system did not allow management to be informed about the missing computer in a timely manner.

Inadequate controls over fixed assets acquired with federal funds could result in misappropriation of those fixed assets.

Recommendation

We recommend that the district improve control over fixed assets starting by performing a complete physical inventory of fixed assets purchased with Federal Award funds.

COPIAH COUNTY SCHOOL DISTRICT

AUDITEE'S CORRECTIVE ACTION PLAN

COPIAH COUNTY DEPARTMENT OF EDUCATION

TELEPHONE (601) 894-1341
FAX (601) 894-2634



RICKEY CLOPTON, SUPERINTENDENT

254 W. GALLATIN - HAZLEHURST, MISS. 39083

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section .315 (b) of OMB Circular A-133, the Copiah County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2009:

<u>Finding</u>	<u>Corrective Action Plan</u>
2008-01	<p>a. Name of Contact Person Responsible for Corrective Action Name: Rickey Clopton Title: Superintendent Phone #: (601) 894-1341</p> <p>b. Corrective Action Planned: The District will perform fixed asset audits of all physical inventories during the school year. Extra security measures have been taken in inventory storage areas.</p> <p>c. Anticipated Completion Date: Already implemented.</p>