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Jackson Public School District

Audited Financial Statements
For the Year Ended June 30, 2008

JACKSON PUBLIC SCHOOL DISTRICT

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JACKSON PUBLIC SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

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LYLES AND SINCLAIR

CERTIFIED PUBLIC ACCOUNTANTS

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MARY LYLES, CPA, MPA

TRACEY SINCLAIR, CPA

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

Superintendent and School Board
Jackson Public School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of theJackson Public School District as of and for the year ended June 30, 2008, which collectively comprise the Jackson Public School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of theJackson Public School District's management. Our responsibility is to express opinions on thesefinancial 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 statementpresentation. 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 Jackson Public School District, as of June 30, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2010, on our consideration of the Jackson Public School District's internal control over financial reporting and ourtests 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 pagesfive through thirteen and the Budgetary Comparison Schedule and corresponding notes on pages 44 through 45 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the requiredsupplementary 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 Jackson Public 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

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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 isnot 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 he 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

Lyles + Sinclair, PLLC

Lyles and Sinclair, PLLC
Jackson, MS
June 1, 2010

JACKSON PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

The Jackson Public School District has 59 schools - 8 high schools and a Career Development Center, 10 middle schools, 38 elementary schools, and 2 special schools. With nearly 31,000 students enrolled, the Jackson Public School District is the second largest and only urban school district in Mississippi. More than 83% of Jackson's school-age children attend one of our 59 schools. These students represent almost 1/5 of Jackson's total population. Our student population is larger than the populations of all but 7 Mississippi cities, and larger than 54 Mississippi counties. The District has 4,827 full-time employees.

FINANCIAL HIGHLIGHTS

- Total net assets decreased $9,841,142, which represents a 26.6% decrease from fiscal year 2007. This decrease was caused by selling $36 million in general obligation bonds which inercased expenditures and liabilities.

- General revenues account for $218,887,311 in revenue, or 80.9% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for $51,544,540 or 19.1% of total revenues.

- The District had $275,660,818 in expenses; only $51,544,540 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $218,887,311 were not adequate to provide for these programs.

- Among major funds, the General Fund had $206,764,040 in revenues, $201,712,749 in expenditures, and $5,203,131 net other financing uses. The General Fund's fund balanee decreased $900,512 over the prior year, including a prior period adjustment of ($722,019) and a decrease in reserve for inventory of $26,653.

- Capital assets, net of accumulated depreciation, increased by $4,367,302.

- Long-term debt increased by $27,524,907. $36 million of this increase is the result of selling the first series of general obligation bonds in October 2007 approved by the voters in November 2006.

- In mid-July 2006, the Jackson Public School District's Board of Trustees announced plans to pursue a $150 million bond referendum to improve some of the facilities throughout the district. This decision followed a careful study of the findings reported by MGT of Ameriea, a nationally-recognized management and research-consulting firm that specializes in facilities evaluation for schools. The report confirmed in writing what many have known for years - overcrowding that leads to overuse has taken a visible toll on many of the district's aging facilities. In November 2006, the bond referendum passed with over 80% of the vote. This documented overwhelming support for the work needed for our facilities. The District delayed the selling of these bonds until the 2007-2008 fiscal year to allow for comprehensive planning of all the projects covered under the bond referendum. As mentioned previously, $36 million of the bonds were sold in October 2007. The remaining $114 million were delayed until the 2008-2009 fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

The statement of aetivities presents information showing how the District's net assets changed during the most reeent 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-instruetional, sixteenth section and interest and other expenses on long-term liabilities.

The government-wide financial statements can be found on pages 15 and 16 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 18 and 20, respectively, of this report.

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

The basic governmental fund financial statements can be found on pages 17 and 19, respectively.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The school district's fiduciary assets and liabilities are presented in separate Statement of Fiduciary Assets and Liabilities on page 21.

Notes to the financial statements. The notes provide additional information that is essential to have a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 42 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Distriet'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. This required supplementary information can be found on pages 44 - 45 of this report.

A schedule of expenditures of federal awards is required by OMB Cir. A-133 and schedule of instructional, administrative and other expenditures for governmental funds can be found on pages 47 and 50, respectively, of this report.

A statement of revenues, expenditures and changes in fund balance for the General Fund and All Governmental Funds for the last four years, as required by the Department of Education, ean be found on pages 52 – 53, respeetively, of 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 $27,219,834 as of June 30, 2008.

By far the largest portion of the District's net assets (95.3%) reflects its investment in eapital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment, leased property under eapital leases and construction in progress, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending.

Thc District's financial position is a product of several financial transactions ineluding the net result of aetivities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreeiation of capital assets.

The following table presents a summary of the District's net assets as of June 30, 2008 and 2007, respectively.

	Net Assets		Percentage
	June 30, 2008	June 30, 2007	Change
Current assets	$ 52,934,656	$ 39,159,965	35.2%
Capital assets, net	107,568,013	103,200,711	4.2%
Total assets	**160,502,669**	**142,360,676**	**12.7%**

Current liabilities	17,871,064	17,991,867	(0.7%)
Long-term debt outstanding	115,411,771	87,307,833	32.2%
Total liabilities	**133,282,835**	**105,299,700**	**26.6%**
Net assets:			
Invested in capital assets, net of related debt	25,947,762	25,119,944	3.3%
Restricted	9,168,727	8,076,225	13.5%
Unrestricted	(7,896,655)	3,864,807	(304.3%)
Total net assets	**$ 27,219,834**	**$ 37,060,976**	**(26.6%)**

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

- In October 2007, the District issued $36 million in general obligation bonds for the purpose of land acquisition and deferred maintenance projects. This caused the sharp increase in current assets and long-term debt outstanding. In addition, net assets invested in capital assets net of related debt increased because of the capital projects being funded from bond proceeds. Unrestricted net assets decreased primarily due bond proceeds being used for non-capitalized deferred maintenance projects.

- Net capital assets increased due to the acquisition of land for the purpose of building three new schools.

- The increase in restricted net assets was due primarily to the increase in net assets reserved for the 16th Section Principal and QZAB Retirement Funds.

Changes in net assets. The District's total revenues for the fiscal year ended June 20, 2008 were $270,431,851. The total cost of all programs and services was $275,660,818. The following table presents a summary of the changes in net assets for the fiscal years ending June 30, 2008 and 2007, respectively.

	Change in Net Assets		Percentage
	June 30, 2008	June 30, 2007	Change
Revenues:			
Program revenues:			
Charges for services	$ 3,431,275	$ 3,485,884	(1.6%)
Operating grants and contributions	48,113,265	49,432,649	(2.7%)
General revenues:			
Property taxes	78,655,548	78,682,274	(0.03%)
Unrestricted investments earnings	1,140,254	1,281,418	(11.0%)
Grants and contributions not restricted	135,323,851	128,977,993	4.9%
Other	3,767,658	4,133,198	(8.8%)
Total revenues	**270,431,851**	**265,993,416**	**1.7%**

Expenses:			
Instruction	160,039,815	146,084,214	9.6%
Support services	94,050,418	97,091,528	(3.1%)
Non-instructional	17,212,844	18,442,557	(6.7%)
Sixteenth section	61,811	121,902	(49.3%)
Interest and other expense on long-term liabilities	4,295,930	4,307,457	(0.3%)
Total expenses	**275,660,818**	**266,047,658**	**3.6%**
Increase (Decrease) in net assets	**(5,228,967)**	**(54,242)**	**9,540.2%**
Net Assets, July 1	**37,060,976**	**37,115,218**	**(0.1%)**
Prior period adjustment	(4,612,175	-	N/A
Net Assets, as restated	**32,448,801**	**37,115,218**	**(12.6%)**
Net Assets, June 30	**$27,219,834**	**$ 37,060,976**	**(26.6%)**

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

- Operating grants and contributions decreased $1,319,384 from the previous fiscal year.
- Unrestricted grants and contributions increased $6,345,858 from the previous fiscal year.
- Instructional expenses increased $13,955,601 from the previous fiscal year.
- Support services expenses decreased $3,041,110 from the previous fiscal year.
- Non-instructional expenses decreased $1,229,713 from the previous fiscal year.

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

	2008		2007	
	Total Expenses	Net(Expense) Revenue	Total Expenses	Net(Expense) Revenue
Instruction	$160,039,815	$(139,184,690)	$146,084,214	$(124,567,765)
Support services	94,050,418	(80,333,166)	97,091,528	(82,257,699)
Non-instructional	17,212,844	(240,681)	18,442,557	(1,911,424)
Sixteenth section	61,811	(61,811)	121,902	(84,780)
Interest and other expenses on long-term liabilities	4,295,930	(4,295,930)	4,307,457	(4,307,457)
Total expenses	$275,660,818	$(224,116,278)	$ 266,047,658	$(213,129,125)

- Net cost of governmental activities ($224,116,278) was financed by general revenue, which is made up of primarily property taxes ($78,655,548) and state revenue ($133,706,241).

- Investment earnings accounted for $1,140,254 of funding.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of $35,921,699, an increase of $13,664,757 due primarily to an increase in undesignated fund balance for capital projects. $26,285,184 or 73.2% of the fund balance constitutes unreserved and undesignated fund balance, whieh is available for spending at the Distriet's discretion. The remaining fund balance of $9,636,515 or 26.8% is reserved or designated to indicate that it is not available for spending because it has already been committed primarily for eapital projects.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was $900,512 and was the result of the District's intentionally drawing down previous years' accumulated fund balance to pay the current year's operation expenses.

BUDGETARY HIGHLIGHTS

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

- Budget amounts for revenue from federal and loeal sources increased more than expected during the year. Budget amounts for revenue from state sourees decreased more than expected during the year. Anticipated federal revenues inereased by $29,510,254. Anticipated local revenues increased by $5,139,334. Anticipated state revenucs decreased by $3,705,659. Anticipated other financing sources increased by $9,505,868. The net increase in these anticipated revenues allowed the District to increase its anticipated expenditures by $43,094,362.

- The $9,505,868 inerease in anticipated other financing sources was due primarily to increasing anticipated proceeds from loans by $10 million.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2008, the District's total capital assets were $203,812,810, including land, school buildings, buses, other school vehicles and furniture and equipment. This amount represents an increase of $11,938,335 from the previous year. Total accumulated depreciation as of June 30, 2008 was $96,244,797 and total depreciation expense for the year was $5,873,849, resulting in total net capital assets of $107,568,013.

	Capital Assets, Net of Depreciation		Percentage
	2008	2007	Change
Land	$ 5,445,362	$ 2,937,842	85.4%
Buildings	80,518,004	77,407,523	4.0%
Improvements other than buildings	13,769,753	9,436,782	45.9%
Mobile equipment	2,982,473	3,674,482	(18.8%)
Furniture and equipment	1,537,394	1,922,842	(20.0%
Leased property under capital leases	185,986	853,448	(78.2%)
Construction in progress	3,129,041	6,967,792	(55.1%)
Total	$107,568,013	$103,200,711	**4.2%**

Additional information of the District's capital assets can be found in Note 5 on page 31 of this report.

Debt Administration. At June 30, 2008, the District had $114,832,740 in general obligation bonds and other long-term debt outstanding, of which $7,232,673 is due within one year.

	Outstanding Debt		Percentage
	2008	2007	Change
General obligation bonds payable	$ 33,685,000	$ -	N/A
Limited obligation bonds payable	23,545,000	25,370,000	(7.2%)
Three mill notes payable	45,111,688	47,746,688	(5.5%)
Obligations under capital leases	1,309,112	2,464,079	(46.9%)
Obligations under energy efficiency leases	6,721,367	7,226,937	(7.0%)
Qualified zone academy bonds payable	2,500,000	2,500,000	0.0%
Compensated absences payable	1,960,573	2,000,129	(2.0%)
Total	$114,832,740	$ 87,307,833	**31..5%**

The District maintains an A1 bond rating with Moody's Investor Services.

Additional information of the District's long-term debt can be found in Note 6 on page 32 of this report.

CURRENT ISSUES

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

The District has committed itself to financial excellence for many years. The millage has decreased 1.33% over five years. In addition, the District system of financial planning, budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

District enrollment figures have remained at approximately 31,500 students since the 2000-2001 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, eontact the Superintendent's Office of the Jackson Public School District, Post Office Box 2338, Jackson, Mississippi 39225-2338.

JACKSON PUBLIC SCHOOL DISTRICT

FINANCIAL STATEMENTS

JACKSON PUBLIC SCHOOL DISTRICT

Statement of Net Assets

June 30, 2008

Exhibit A

		Governmental Activities
Assets		
Cash and cash equivalents	$	35,810,524
Cash with fiscal agents		2,943,927
Due from other governments		9,828,430
Other receivables, net		428,267
Inventories		907,113
Deferred charges		204,775
Restricted assets		2,811,620
Capital assets, non-depreciable:		
Land		5,445,362
Construction in progress		3,129,041
Capital assets, net of accumulated depreciation:		
Buildings		80,518,004
Improvements other than buildings		13,769,753
Mobile equipment		2,982,473
Furniture and equipment		1,537,394
Leased property under capital leases		185,986
Total Assets		160,502,669
Liabilities		
Accounts payable and accrued liabilities		16,714,519
Due to other governments		23,890
Unearned revenue		69,773
Interest payable on long-term liabilities		1,062,882
Long-term liabilities, due within one year		
Capital related liabilities		6,659,134
Non-capital related liabilities		648,453
Long-term liabilities, due beyond one year		
Capital related liabilities		74,382,086
Capital related bond premium		579,031
Non-capital related liabilities		33,143,067
Total Liabilities		133,282,835
Net Assets		
Invested in capital assets, net of related debt		25,947,762
Restricted net assets:		
Expendable		
School-based activities		1,502,207
Debt service		4,580,684
Capital improvements		2,064,272
Forestry improvements		53,549
Unemployment benefits		684,364
Non-expendable:		
Sixteenth section		283,651
Unrestricted		(7,896,655)
Total Net Assets	$	27,219,834

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

JACKSON PUBLIC SCHOOL DISTRICT

Exhibit B

Statement of Activities

For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities					
Instruction	$ 160,039,815	1,387,520	19,467,605		(139,184,690)
Support services	94,050,418	89,252	13,628,000		(80,333,166)
Non-instructional	17,212,844	1,954,503	15,017,660		(240,681)
Sixteenth section	61,811				(61,811)
Interest on long-term liabilities	4,295,930				(4,295,930)
Total Governmental Activities	$ 275,660,818	3,431,275	48,113,265	0	(224,116,278)

General Revenues:	
Taxes	
General purpose levies	71,678,391
Debt purpose levies	6,977,157
Unrestricted grants and contributions:	
State	133,706,241
Federal	1,617,610
Unrestricted investment earnings	1,140,254
Sixteenth section sources	1,264,346
Other	2,503,312
Total General Revenues	218,887,311
Change in Net Assets	(5,228,967)
Net Assets - Beginning	37,060,976
Prior Period Adjustments	(4,612,175)
Net Assets - Beginning - Restated	32,448,801
Net Assets - Ending	$ 27,219,834

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

JACKSON PUBLIC SCHOOL DISTRICT

Exhibit C

Balance Sheet - Governmental Funds

June 30, 2008

	Major Funds				
	General Fund	School Bond Referendum Fund	Series 2003B Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 10,110,633	18,821,405	10,990	6,867,496	35,810,524
Cash with fiscal agents	2,943,927			1,205,328	4,149,255
Investments				1,606,292	1,606,292
Due from other governments	4,486,012		173,010	4,155,935	8,814,957
Other receivables, net	188,815			239,452	428,267
Due from other funds	6,050,473			2,478,753	8,529,226
Inventories	558,599			348,514	907,113
Total Assets	$ 24,338,459	18,821,405	184,000	16,901,770	60,245,634
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	$ 10,544,394	3,865,745		2,304,380	16,714,519
Due to other funds	996,953		184,000	6,334,800	7,515,753
Unearned revenue				69,773	69,773
Other payables				23,890	23,890
Total Liabilities	11,541,347	3,865,745	184,000	8,732,843	24,323,935
Fund Balances					
Reserved for					
Inventory	558,599			348,514	907,113
Capital projects		2,062,682		1,590	2,064,272
Debt service				5,643,566	5,643,566
Unemployment benefits				684,364	684,364
Forestry improvement purposes				53,549	53,549
Permanent fund purposes				283,651	283,651
Unreserved					
Undesignated, reported in					
General Fund	12,238,513				12,238,513
Special Revenue Funds				1,153,693	1,153,693
Capital Projects Funds		12,892,978			12,892,978
Total Fund Balances	12,797,112	14,955,660	0	8,168,927	35,921,699
Total Liabilities and Fund Balances	$ 24,338,459	18,821,405	184,000	16,901,770	60,245,634

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

JACKSON PUBLIC SCHOOL DISTRICT

Exhibit C-1

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

		Amount
Total Fund Balance - Governmental Funds	$	35,921,699
Amounts reported for governmental activities in the statement of net assets are different because:		
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of aceumulated depreciation of $96,244,797.		107,568,013
2. Bond issue costs are reported as expenditures in the funds but are deferred in the statement of net assets.		204,775
3. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(114,832,740)
4. Governmental funds reeognize interest on long-term debt when it becomes due, however the Statement of Net Assets recognizes interest as it accrues.		(1,062,882)
5. Bond premiums are reported as other financing sources in the governmental funds but are deferred and amortized in the statement of acitivites.		(579,031)
Total Net Assets - Governmental Activities	$	27,219,834

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

JACKSON PUBLIC SCHOOL DISTRICT

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2008

	Major Funds				
	General Fund	School Bond Referendum Fund	Series 2003B Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Local sources	$ 75,466,636	348,255	403,711	9,163,598	85,382,200
Intermediate sources	2,500				2,500
State sources	130,418,382			8,595,156	139,013,538
Federal sources	876,522			43,733,275	44,609,797
Sixteenth section sources				1,264,346	1,264,346
Total Revenues	206,764,040	348,255	403,711	62,756,375	270,272,381
Expenditures					
Instruction	119,704,949			25,968,405	145,673,354
Support services	79,031,804			14,247,290	93,279,094
Noninstructional services	13,147			17,231,681	17,244,828
Sixteenth section				61,811	61,811
Facilities acquisition and construction	493,458	16,849,288		2,052,373	19,395,119
Debt service					
Principal	1,660,537		135,000	6,640,000	8,435,537
Interest	808,854		268,711	3,242,452	4,320,017
Other		204,775		1,875	206,650
Total Expenditures	201,712,749	17,054,063	403,711	69,445,887	288,616,410
Excess (Deficiency) of Revenues over Expenditures	5,051,291	(16,705,808)	0	(6,689,512)	(18,344,029)
Other Financing Sources (Uses)					
General obligation bonds issued		36,000,000			36,000,000
Insurance loss recoveries	89,252			225,000	314,252
Sale of other property	1,480				1,480
Payment to held by escrow agent				142,000	142,000
Operating transfers in	2,180,912			7,617,949	9,798,861
Other financing sources		579,031			579,031
Operating transfers out	(7,474,775)			(2,324,086)	(9,798,861)
Payment to qualified zone academy debt escrow agent				(142,000)	(142,000)
Other financing uses		(4,917,563)		(156,262)	(5,073,825)
Total Other Financing Sources (Uses)	(5,203,131)	31,661,468	0	5,362,601	31,820,938
Net Change in Fund Balances	(151,840)	14,955,660	0	(1,326,911)	13,476,909
Fund Balances					
July 1, 2007	13,697,624	0	0	8,559,318	22,256,942
Prior period adjustments	(722,019)			979,939	257,920
July 1, 2007, as restated	12,975,605	0	0	9,539,257	22,514,862
Increase (Decrease) in reserve for inventory	(26,653)			(43,419)	(70,072)
June 30, 2008	$ 12,797,113	14,955,660	0	8,168,927	35,921,699

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

JACKSON PUBLIC SCHOOL DISTRICT

Exhibit D-1

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

		Amount
Net Change in Fund Balances - Governmental Funds	$	13,476,909
Amounts reported for governmental activities iu the Statemeut of Aetivities are different because:		
1. Governmental funds report eapital outlays as expenditures while governmental activities report depreeiation to allocate those expenditures over the life of the assets. Capital assets purehased amounted to $10,206,451 and the depreciation expense amounted to $5,873,849.		4,332,602
2. Proceeds of long-term liabilities are reported in the governmental funds, but not in the Statement of Activities.		(36,000,000)
Anticipated proceeds were recognized as other financing sources in the prior year for costs related to approved projects.		4,917,563
3. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Activities.		8,435,537
4. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it acerues regardless of when it becomes due.		25,962
5. Gains and losses on the sale or disposals of assets are not reported in the governmental funds, but are reported in the Statement of Activities, net of proceeds.		(12,768)
6. Decrease in the inventory is reported as an adjustment to fund halance in the governmental funds, but noninstructional expenditures are increased in the Statement of Activities.		(70,072)
7. Issuance cost for long-term liabilities is reported as expenditures in the governmental funds, but is deferred and amortized in the statement of activities.		204,775
Bond premiums are reported as other financing sources in the governmental funds but are deferred and amortized in the statement of acitivites.		(579,031)
8. Expenses in the Statement of Activities not normally paid with expendable available financial resourees are not reported as expenditures in the governmental fuuds:		
Compensated absences		39,556
Change in Net Assets of Governmental Activities	$	(5,228,967)

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

JACKSON PUBLC SCHOOL DISTRICT

Exhibit E

Statement of Fiduciary Assets and Liabilities

June 30, 2008

		Agency Funds
Assets		
Cash and cash equivalents	$	2,528,256
Due from other funds		2,924,857
Other receivables		11,903
Total Assets	$	5,465,016
Liabilities		
Accounts payable and accrued liabilities	$	1,178,798
Due to other funds		3,938,330
Due to student clubs		347,888
Total Liabilities	$	5,465,016

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

(1) Summary of Significant Accounting Policies.

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

A. Financial Reporting Entity.

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

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

B. Basis of Presentation.

Government-wide Financial Statements:

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally are supported by tax and intergovernmental revenues.

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital

requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revennes.

Fund Financial Statements:

Separate financial statements are provided for governmental 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 other 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.

School Bond Referendum Fund – This is the school district's fund used to aecount for the capital expenditures for building construction, renovations and classroom additions proposed under the bond issue.

2003B Debt Service Fund – This is the school district's fund used to account for the accumulation of resources for, and the payment of debt principal, interest and related costs for the 2003B Limited Tax Notes.

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 sehool district reports the following fund types:

GOVERNMENTAL FUND TYPES

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major eapital 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 prineipal, 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 - Ageney Funds are used to report resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

C. Measurement Foeus and Basis of Aeeounting.

In the government-wide Statement of Net Assets and Statement of Aetivities, governmental aetivities are presented nsing the economic resources measurement focus and the accrual basis of accounting as are thc Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred or eeonomic 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 finaneial 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 eurrent 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 acerual 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 assistanee 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 applieable federal regulations, which include subjecting grants to financial and compliance audits.

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to sueh 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 are appropriated on a fiscal year basis and are recorded at the time the revenues are reeeived from the State of Mississippi.

D. Aeeount Classifications.

The account elassifications used in the financial statements eonform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting* as issued in 2005

by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2003* issued by the U.S. Department of Education.

E. Encumbrances.

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

F. Assets, liabilities, and net assets or equity

1. Cash, Cash equivalents and Investments

Cash and cash equivalents.

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The school district deposits excess funds in the financial institutions selected by the school board. State statutes specify how these depositories are to be selected.

Investments.

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items.

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the statement of net assets beeause their use is limited by applicable debt statutes. Also, the nonexpendable portion of the Permanent Fund, if applieable, 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, arc reported in the governmental activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical eost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not eapitalized. Capital assets are defined by the District as assets with an initial, individual cost in exeess of the thresholds in the following table and estimated useful lives in excess of two years.

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

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

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

(*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 5 for details.

7. Compensated Absences.

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vaeation 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 financial statements, outstanding debt is reported as liabilities. Bond issue cost, bond discounts or premiums, and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

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

9. Fund equity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cash and Cash Equivalents.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was $36,094,175 (which includes $283,651 of certificates of deposit with original maturities beyond three months and reported on Exhibit C as investments) and $2,528,256, respectively. The bank balance was $46,570,866.

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 $46,570,866 was exposed to custodial credit risk.

Cash with Fiscal Agents.

The carrying amount of school district's cash with fiscal agents held by financial institutions was $4,149,255.

Investments.

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

Investment Type	Maturities (in years)	Fair Value Rating
U.S. Government securities	less than 1	$ 1,322,641
Certificates of deposit	less than 1	283,651
Total Investments		$ 1,606,292

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2008, the district did not have any investments to which this would apply.

(3) Interfund Receivables, Payables and Transfers.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds.

Receivable Fund	Payable Fund	Amount
General Fund	2003B Debt Service Fund	$ 184,000
	Other governmental funds	4,853,000
	Fiduciary Funds	1,013,473
Other governmental funds	General Fund	996,953
	Other governmental funds	1,481,800
Fiduciary funds	Fiduciary Funds	$2,924,857
Total		$11,454,083

The interfund loans were made mainly to cover initial payments of reimbursable expenditures of federal programs and to eliminate deficit cash balances.

B. Interfund Transfers.

Transfer Out	Transfer In	Amount
General Fund	Other governmental funds	$7,474,775
Other governmental funds	General Fund	2,180,912
	Other governmental funds	$ 143,174
Total		$9,798,861

The transfers were mainly to fund daily operations and routine activities of funds other than district maintenance and to transfer amounts for indirect costs.

(4) Restricted

The restricted assets represent the investment balance totaling $283,651 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the cash and investment balance, totaling $800, and $1,322,641, respectively, of the QZAB Bond Retirement Fund. In addition the restricted assets represent the cash balance, totaling $1,204,528 of the MAEP Limited Obligation Bond/Note Fund.

(5) Capital Assets.

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

	Balance 7-1-2007	Additions	Retirements	Completed Construction	Adjustments	Balance 6-30-2008
Governmental Activities:						
Non-depreciable capital assets:						
Land	$ 2,937,842	2,507,520				5,445,362
Construction in progress	6,967,792	6,103,560		(9,970,320)	28,009	3,129,041
Total non-depreciable capital assets	9,905,634	8,611,080	0	(9,970,320)	28,009	8,574,403
Depreciable capital assets						
Buildings	126,787,441	770,000	20,536	4,523,941		132,060,846
Improvements other than buildings	23,753,670		12,400	5,446,379		29,187,649
Mobile equipment	17,859,438	315,997	16,480			18,158,955
Furniture and equipment	11,270,610	509,374	174,600			11,605,384
Leased property under capital leases	2,297,682				1,927,891	4,225,573
Total depreciable capital Assets	181,968,841	1,595,371	224,016	9,970,320	1,927,891	195,238,407
Less accumulated depreciation for:						
Buildings	49,379,918	2,179,054	16,130			51,542,842
Improvements other than buildings	14,316,888	1,108,440	7,432			15,417,896
Mobile equipment	14,184,956	1,006,358	14,832			15,176,482
Furniture and equipment	9,347,768	893,076	172,854			10,067,990
Leased property under capital leases	1,444,234	686,921			1,908,432	4,039,587
	88,673,764	5,873,849	211,248	0	1,908,432	96,244,797
Total depreciable capital assets, net	93,295,077	(4,278,478)	12,768	9,970,320	19,459	98,993,610
Governmental activities capital assets, net	$ 103,200,711	4,332,602	12,768	0	47,468	107,568,013

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 4,534,236
Support services	1,280,296
Non-instructional	59,317
Total Depreciation Expense	$ 5,873,849

*Adjustments are to correct prior year amounts.

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

Commitments under construction contracts at June 30, 2008, are summarized as follows:

	Spent to June 30, 2008	Remaining Commitment
Governmental Activities		
Northeast Middle School – New construction	$ 250,508	971,419
Classroom Additions		
North Jackson Elementary	32,223	30,431
Marshall Elementary	47,165	62,380
Wilkins Elementary	96,989	163,893
McLeod Elementary	14,006	
HVAC		
Admin Complex	959,276	15,624
Provine/Murrah	259,004	
Johnson Elementary	457,356	462,449
Whitten Middle School	1,012,514	356,486
Total	$ 3,129,041	2,062,682

Construction projects included in governmental activities are funded with proceeds from a general obligation bond issue.

(6) Long-term Liabilities.

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

		Balance 7-1-2007	Additions	Reductions	Balance 6-30-2008	Amounts due within one year
A.	General obligation bonds payable	$ 0	36,000,000	2,315,000	33,685,000	1,165,000
B.	Limited obligation bonds Payable	25,370,000		1,825,000	23,545,000	1,870,000
C	Three mill notes payable	47,746,688		2,635,000	45,111,688	2,715,000
D.	Obligations under capital leases	2,464,079		1,154,967	1,309,112	909,134
E	Obligations under energy efficiency lease	7,226,937		505,570	6,721,367	546,612
F.	Qualified zone academy bonds payable	2,500,000			2,500,000	
G.	Compensated absences payable	2,000,129		39,556	1,960,573	101,841
	Total	$ 87,307,833	36,000,000	8,475,093	114,832,740	7,307,587

The following is a summary of changes in bond premiums and bond issuance costs:

	Balance 7-1-2007	Additions	Reductions	Balance 6-30-2008
Bond premium	$ 0	579,031	0	579,031
Total	$ 0	579,031	0	579,031

	Balance 7-1-2007	Additions	Reductions	Balance 6-30-2008
Bond issuance costs	0	204,775	0	204,775
Total	$ 0	204,775	0	204,775

A. General obligation bonds payable.

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

Description	Interest Rate(s)	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, Series 2007	4 – 5%	10-02-2007	04-01-2027	$ 36,000,000	33,685,000
Total				$ 36,000,000	33,685,000

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

Year Ending June 30	Principal	Interest	Total
2009	$ 1,165,000	1,467,512	2,632,512
2010	1,215,000	1,418,000	2,633,000
2011	1,265,000	1,366,362	2,631,362
2012	1,320,000	1,312,600	2,632,600
2013	1,440,000	1,256,500	2,696,500
2014 – 2018	7,830,000	5,269,200	13,099,200
2019 – 2023	9,780,000	3,342,412	13,122,412
2024 – 2028	9,670,000	1,070,564	10,740,564
Total	$ 33,685,000	16,503,150	50,188,150

This debt will be retired from the General Obligation Bond Series 2007 Debt Service Fund.

Interest rates change on the dates indicated in the closing documents.

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2008, the amount of outstanding bonded indebtedness was equal to 3% of property assessments as of October 1, 2007.

B. Limited obligation bonds payable.

Limited obligation bonds are direct obligations and pledge the full faith and credit of the school district.

Limited obligation bonds currently outstanding are as follows:

Description	Interest Rate (s)	Issue Date	Maturity Date		Amount Issued	Amount Outstanding
State aid capital improvement Refunding bonds, Series 2006	3.25 -5%	02-22-2006	02-01-0018	$	26,520,000	23,545,000
Total				$	26,520,000	23,545,000

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

Year Ending June 30		Principal	Interest	Total
2009	$	1,870,000	916,853	2,786,853
2010		1,940,000	847,927	2,787,927
2011		2,010,000	783,238	2,793,238
2012		2,090,000	714,804	2,804,804
2013		2,160,000	634,525	2,794,525
2014 – 2018		13,475,000	1,694,797	15,169,797
Total	$	23,545,000	5,592,144	29,137,144

This debt will be retired from the MAEP Retirement Fund.

Interest rates change on the dates indieated in the closing documents.

The state aid capital improvement bonds are secured by an irrevocable pledge of certain revenues the district reeeives 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.

C. Three mill notes payable.

Debt currently outstanding is as follows:

Description	Interest Rate(s)	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Notes, Series 2000A	4.75-4.80	09-01-2000	10-01-2008	$ 3,000,000	350,000
Limited Tax Notes, Series 2000B	4.75-5.75	09-01-2000	10-01-2010	$ 32,205,000	3,685,000
Limited Tax Notes, Series 2003A	2.40	10-01-2003	10-01-2008	$ 4,615,000	705,000
Limited Tax Notes, Series 2003B	2.40-5.55	10-01-2003	10-01-2023	$ 16,381,688	15,536,688
Limited Tax Notes, Series 2005	3.00-5.00	05-02-2005	10-02-2020	$ 25,220,000	24,835,000
Total				$ 81,421,688	45,111,688

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

1. Three mill notes payable issued September 1, 2000 (A)

Year Ending June 30	Principal	Interest	Total
2009	$ 350,000	44,847	394,847
Total	$ 350,000	44,847	394,847

This debt will be retired from the Three Mill 2000A Retirement Fund.

Interest rates change on the dates indicated in the closing documents.

2. Three mill notes payable issued September 1, 2000 (B)

Year Ending June 30	Principal	Interest	Total
2009	$ 1,155,000	1,451,501	2,606,501
2010	1,240,000	1,392,620	2,632,620
2011	1,290,000	1,334,532	2,624,532
Total	$ 3,685,000	4,178,653	7,863,653

This debt will be retired from the Three Mill 2000B Retirement Fund.

Interest rates change on the dates indicated in the closing documents.

3. Three mill notes payable issued October 1, 2003 (A)

Year Ending June 30		Prineipal	Interest	Total
2009	$	705,000	8,460	713,460
Total	$	705,000	8,460	713,460

This debt will be retired from the Three Mill 2003A Retirement Fund.

4. Three mill notes payable issued October 1, 2003 (B)

Year Ending June 30		Prineipal	Interest	Total
2009	$	430,000	257,884	687,884
2010		1,085,000	237,805	1,322,805
2011		1,115,000	205,464	1,320,464
2012		1,125,000	168,917	1,293,917
2013		1,160,000	120,793	1,280,793
2014 – 2018		4,452,613	1,780,638	6,233,251
2019 – 2023		4,759,391	7,265,609	12,025,000
2024 - 2028		1,409,684	2,795,316	4,205,000
Total	$	15,536,688	12,832,426	28,369,114

This debt will be retired from the Three Mill 2003B Retirement Fund.

Interest rates change on the dates indicated in the elosing doeuments.

5. Three mill notes payable issued May 2, 2005

Year Ending June 30		Principal	Interest	Total
2009	$	75,000	1,188,092	1,263,092
2010		445,000	1,179,959	1,624,959
2011		460,000	1,165,360	1,625,360
2012		1,860,000	1,125,220	2,985,220
2013		1,935,000	1,044,295	2,979,295
2014 – 2018		8,945,000	3,610,400	12,555,400
2019 – 2023		11,115,000	652,430	11,767,430
Total	$	24,835,000	9,965,756	34,800,756

This debt will be retired from the Three Mill 2005 Retirement Fund.

Interest rates change on the dates indicated in the closing documents.

Total three mill notes payable payments for all issues

Year Ending June 30	Principal	Interest	Total
2009	$ 2,715,000	2,950,785	5,665,785
2010	2,770,000	2,810,384	5,580,384
2011	2,865,000	2,705,357	5,570,357
2012	2,985,000	1,294,138	4,279,138
2013	3,095,000	1,165,087	4,260,087
2014 – 2018	13,397,613	5,391,038	18,788,651
2019 – 2023	15,874,391	7,918,039	23,792,430
2024 - 2028	1,409,684	2,795,316	4,205,000
Total	$ 45,111,688	27,030,144	72,141,832

D. Obligations under capital leases.

The school district has entered into lease agreements, which qualify as capital leases for accounting purposes, for the acquisition of the following:

1. Computers, radios, and video servers at a cost of $2,143,993.

2. Digital video servers at a cost of $1,646,580.

3. Graphic arts equipment at a cost of $435,000.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Computers, radios, video server	2.77%	10-08-2004	10-08-2008	$ 2,143,993	281,077
Digital video servers	3.67%	10-20-2005	10-20-2009	$ 1,646,580	731,409
Graphic arts equipment	4.66%	03-01-2007	03-01-2010	$ 435,000	296,626
Total				$ 4,225,573	1,309,112

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

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2009	$ 909,134	38,497	947,631
2010	399,978	9,878	409,856
Total	$ 1,309,112	48,375	1,357,487

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

This debt will be retired from the District Maintenance Fund.

E. Obligations under energy efficiency lease.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Siemens Energy Efficiency Lease	5.39%	07-01-2002	07-01-2017	8,348,849	6,721,367
Total				$ 8,348,849	6,721,367

Details of the district's June 30, energy efficiency lease payable are as follows:

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2009	$ 546,612	351,357	897,969
2010	590,099	321,025	911,124
2011	636,170	288,298	924,468
2012	684,971	253,033	938,004
2013	736,652	215,080	951,732
2014 – 2018	3,526,863	256,949	3,783,812
Total	$ 6,721,367	1,685,742	8,407,109

This debt will be retired from the District Maintenance Fund.

An energy efficiency lease agreement dated July 2, 2002, was executed by and between the district, the lessee, and First Seeurity Leasing, Inc., the lessor.

The agreement authorized the borrowing of $8,348,849 for the purchase of energy efficiency equipment, machinery, supplies building modifications and other energy saving items. Payments of the lease shall be made from the district maintenance fund and not exceed ten (10) years.

The district entered into this energy efficiency lease agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

F. Qualified zone academy bonds payable.

As more fully explained in Note 17, debt has been issued by the school district that qualifies as Qualified Zone Academy bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified Zone Aeademy Bonds	0%	07-20-2000	07-01-2012	$ 2,500,000	2,500,000
Total				$ 2,500,000	2,500,000

G. 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) Prior Year Defeasance of Debt.

In prior years, the Jackson Public School District defeased certain general obligation and other bonds by plaeing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the district's finaneial statements. On June 30, 2008, $24,535,000 of bonds outstanding are defeased.

(8) Short-term Financing.

During the fiscal year ended June 30, 2008, the school district participated in the following short-term financings for the purpose of supplementing the district's resourees until tax proceeds become available:

A. Bank-financed short term debt.

The Jackson Public School District issued two revenue anticipation notes payable to Regions Bank, and the proceeds from such issuance are accounted for as a current liability in the general fund of the school district. Once the cash flow was available the district made a payment consisting of prineipal and interest to the trustee.

All transactions related to participation in this program are accounted for as part of the sehool district's General Fund.

Changes in short-term debt activity reeorded in the governmental activities during fiseal year 2008 are as follows:

Description		Balance 7-1-2007	Additions	Reductions	Balance 6-30-2008
Tax Anticipation Note, 4.73%	$	0	15,000,000	15,000,000	0
Tax Anticipation Note, 5.51%		0	15,000,000	15,000,000	0
Total	$	0	30,000,000	30,000,000	0

(9) Other Commitments.

Commitments under construetion contracts are described in Note 5.

Commitments under re-roofing and renovation contracts amount to $2,937,443.

(10) 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 $18,238,066, $17,275,853 and $14,987,113, respectively, which equaled the required contributions for each year.

(11) 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	$	1,151,270
2010		1,123,500
2011		1,099,500
2012		787,965
2013		753,965
2014 – 2018		3,210,675
2019 – 2023		2,979,470
2024 – 2028		2,870,120
2029 – 2033		1,949,835
Thereafter		2,839,095
Total	$	18,765,395

(12) Prior Period Adjustments/Exhibits.

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

	Explanation(s)		Amount
1.	To correct prior year error in recording an asset	$	257,920
2.	To correct prior year error in recording an asset		47,468
3.	To reduce revenue for amount recognized in prior year		(4,917,563)
	Total	$	(4,612,175)

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

Major Funds	Explanation(s)		Amount
General Fund	To correct prior year error in reeording an asset	$	(722,019)
Other governmental funds	To correct prior year error in recording an asset		979,939
	Total	$	257,920

(13) 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 bccome a liability of the school district.

Litigation.

The school district is party to lcgal proceedings, many of which occur in the normal course of governmental operations. Several of thesc proceedings were started and settled subsequent to the balance sheet date with no material adverse effect on the financial condition of the school district. In ongoing proceedings, although management cannot predict or determine the outcome of the matters, legal counsel has estimated that an adverse outcome could result in a loss in the range of $50,000 to $150,000 each for two of these cases.

(14) Contingent Liabilities.
During October of 2007, the district issued $36,000,000 in general obligation bonds for capital improvements.

The Internal Revenue Code (IRC) and Arbitrage Rebate Regulations issued by the Internal Revenue Serviee (IRS) require a rebate to the Federal Government of excess investment earnings on bond proceeds if the yield on those earnings exceeds the effective yield on the related tax-exempt bonds issucd. Excess earnings must bc rebatcd every fivc years, or upon maturity of the bonds, whichevcr is earlier.

During the current year, the arbitrage caleulation was not made.

(15) Subsequent Events.

Subsequent to June 30, 2008, the distriet issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Finaneing
07/08	4-5.5%	$114,000,000	Bond Issue	Ad valorem taxes
11/08	3.79%	$ 20,000,000	Tax Anticipation Note	Ad valorem taxes

11/09	1.485%	$ 20,000,000	Tax Anticipation Note	Ad valorem taxes
12/09		$ 8,000,000	Qualified School Construction Bond	

Also, the Jackson Public School District Lease Corporation, Inc. (a nonprofit corporation) was formed in December 2009.

(16) Risk Management.

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

Participation in Public Entity Risk Pool.

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

(17) Qualified Zone Academy Bonds.

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary school, in partnership with the business community. The school district, in agreement with Trustmark National Bank, has entered into such an arrangement dated July 20, 2000.

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

Year Ending June 30	Amount
2009	$ 142,000
2010	142,000
2011	142,000
2012	142,000
2013	120,000
Total	$ 688,000

JACKSON PUBLIC SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues					
Local sources	$ 75,928,253	76,548,069	75,466,636	619,816	(1,081,433)
Intermediate sources			2,500	0	2,500
State sources	135,807,482	130,721,999	130,418,382	(5,085,483)	(303,617)
Federal sources	2,242,517	2,348,793	876,522	106,276	(1,472,271)
Total Revenues	213,978,252	209,618,861	206,764,040	(4,359,391)	(2,854,821)
Expenditures					
Instruction	123,424,161	122,530,146	119,704,949	894,015	2,825,197
Support services	82,577,735	81,763,442	79,031,804	814,293	2,731,638
Noninstructional services	91,934	88,674	13,147	3,260	75,527
Facilities acquisition and construction	450,129	581,122	493,458	(130,993)	87,664
Debt service:					
Principal	21,593,855	31,593,855	1,660,537	(10,000,000)	29,933,318
Interest	645,904	645,904	808,854	0	(162,950)
Other	3,000			3,000	0
Total Expenditures	228,786,718	237,203,143	201,712,749	(8,416,425)	35,490,394
Excess (Deficiency) of Revenues over Expenditures	(14,808,466)	(27,584,282)	5,051,291	(12,775,816)	32,635,573
Other Financing Sources (Uses)					
Proceeds of loans	20,000,000	30,000,000		10,000,000	(30,000,000)
Insurance loss recoveries	5,000	140,463	89,252	135,463	(51,211)
Sale of transportation equipment	70,000	1,500	1,480	(68,500)	(20)
Operating transfers in	5,531,725	5,682,870	2,180,912	151,145	(3,501,958)
Other financing sources				0	0
Operating transfers out	(10,471,429)	(10,332,060)	(7,474,775)	139,369	2,857,285
Payment to refunded bond escrow agent				0	0
Other financing uses		0	0	0	0
Total Other Financing Sources (Uses)	15,135,296	25,492,773	(5,203,131)	10,357,477	(30,695,904)
Net Change in Fund Balances	326,830	(2,091,509)	(151,840)	(2,418,339)	1,939,669
Fund Balances					
July 1, 2007	15,394,497	15,394,497	13,697,624	0	(1,696,873)
Prior period adjustments	(26,670)	(26,510)	(722,019)	160	(695,509)
July 1, 2007, as restated	15,367,827	15,367,987	12,975,605	160	(2,392,382)
Increase (Decrease) in reserve for inventory			(26,653)	0	(26,653)
June 30, 2008	$ 15,694,657	13,276,478	12,797,112	(2,418,179)	(479,366)

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

Notes to the Required Supplementary Information

Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

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

JACKSON PUBLIC SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

JACKSON PUBLIC 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.S Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	3,281,347
National school lunch program	10.555	10,086,650
Summer food service program for children	10.559	402,196
Total child nutrition cluster		13,770,193
Team nutrition grants	10.574	73,280
Fresh fruit and vegetable program	10.582	48,641
Total U.S. Department of Agriculture		13,892,114
U.S. Department of Defense		
Direct program(s)		
Reserve Officers' Training Corps	12.XXX	811,269
Total U S. Department of Defense		811,269
Federal Communications Commission		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.XXX	482,211
Total Federal Communications Commission		482,211
National Aeronautics and Space Administration		
Passed-through Stennis Space Center		
Aerospace education services program	43.001	2,588
Total National Aeronautics and Space Administration		2,588
National Endowment for the Arts - National Foundation on the Arts & Humanities		
Passed through the MS Arts Commission		
Promotion of the Arts Partnership Agreements	45.025	3,759
Total National Endowment for the Arts		3,759

National Science Foundation		
Direct programs:		
Education and human resources	47.076	308,330
Total National Science Foundation		308,330
U.S. Department of Education		
Direct programs:		
Safe and drug-free schools and communities_ national programs	84.184	19,700
Transition to teaching	84.350	63,679
Fund for the improvement of education	84.215	691,703
Total		775,082
Passed-through Mississippi Board for Community and Junior Colleges:		
Adult education-state grant program	84.002	424,611
Total		424,611
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	19,074,754
Career and technical education _ basic grants to states	84 048	412,457
Safe and drug-free schools and communities_ state grants	84.186	246,373
Education for homeless children and youth	84.196	63,891
Twenty-first century community learning centers	84.287	859,561
State grants for innovative programs	84.298	38,272
Education technology state grants	84.318	186,942
Advanced placement program	84.330	123,836
Comprehensive school reform demonstration	84.332	158,232
English language acquisition grants	84.365	28,570
Grants for state assessments and related activities	84.369	170,574
Total		21,363,462
Special education cluster:		
Special education _ grants to states	84.027	5,063,735
Special education _ preschool grants	84.173	286,372
Total special education cluster		5,350,107
Total passed-through Mississippi Department of Education		26,713,569
Passed-through the Board Office of the State of Mississippi Institutions of Higher Learning:		
Gaining early awareness and readiness in undergraduate programs	84.334	117,016
Total U.S. Department of Education		28,030,278
U.S. Department of Health and Human Services		
Passed-through Mississippi Department of Health and Human Services:		
Abstinence education program	93.235	52,253
Total U.S. Department of Health and Human Services		52,253

Corporation for National and Community Service		
Passed-through the Mississippi Department of Education:		
Learn and serve America _ school and community based programs	94.004	13,028
Total Corporation for National and Community Service		13,028
Total for All Federal Awards		$ 43,595,830

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.

JACKSON PUBLIC SCHOOL DISTRICT

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2008

Expenditures		Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$	211,305,961	153,415,103	7,243,439	15,021,924	35,625,495
Other		77,310,449	17,012,334	2,364,275	194,357	57,739,483
Total	$	288,616,410	170,427,437	9,607,714	15,216,281	93,364,978
Total number of students*		30,572				
Cost per student	$	9,441	5,575	314	498	3,054

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

JACKSON PUBLIC SCHOOL DISTRICT

OTHER SUPPLEMENTAL INFORMATION

JACKSON PUBLIC SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances "UNAUDITED"

General Fund

Last Four Years

	2008	2007*	2006*	2005*
Revenues				
Local sources	$ 75,466,636	76,858,245	76,163,435	74,680,574
Intermediate sources	2,500			
State sources	130,418,382	122,775,935	113,677,068	105,612,075
Federal sources	876,522	2,386,290	3,321,853	1,611,080
Total Revenues	206,764,040	202,020,470	193,162,356	181,903,729
Expenditures				
Instruction	119,704,949	117,560,316	109,895,857	106,412,142
Support services	79,031,804	81,863,338	79,520,340	72,988,189
Noninstructional services	13,147	62,316	119,166	77,454
Facilities acquisition and construction	490,458	1,332,777	1,729,159	215,163
Debt service				
Principal	1,660,537	1,451,855	21,388,481	21,342,147
Interest	808,854	1,094,169	852,814	649,592
Total Expenditures	201,712,749	203,364,771	213,505,817	201,684,687
Excess (Deficiency) of Revenues over Expenditures	5,051,291	(1,344,301)	(20,343,461)	(19,780,958)
Other Financing Sources (Uses)				
Proceeds of loans			20,000,000	20,000,000
Inception of capital leases		435,000	1,646,580	2,140,993
Insurance loss recoveries	89,252	94,075	1,289,899	
Sale of transportation equipment			54,743	
Sale of other property	1,480			
Operating transfers in	2,180,912	3,940,886	3,889,994	8,877,520
Other financing sources				1,048,779
Operating transfers out	(7,474,775)	(8,434,447)	(8,994,711)	(9,712,530)
Other financing uses				(37)
Total Other Financing Sources (Uses)	(5,203,131)	(3,964,486)	17,886,505	22,357,725
Net Change in Fund Balances	(151,840)	(5,308,787)	(2,456,956)	2,576,767
Fund Balances				
Fund balance, July 1,	13,697,624	18,907,603	21,494,493	18,790,477
Prior period adjustments	(722,019)		(87,400)	2,686
Fund balance, July 1, as restated	12,975,605	18,907,603	21,407,093	18,793,163
Increase (Decrease) in reserve for inventory	(26,653)	98,808	(42,534)	124,565
Fund balance, June 30,	$ 12,797,112	13,697,624	18,907,603	21,494,493

*SOURCE - PRIOR YEAR AUDIT REPORTS

JACKSON PUBLIC 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	$ 85,382,200	86,121,057	86,501,744	85,199,352
Intermediate sources	2,500			
State sources	139,013,538	130,906,957	122,080,000	112,912,422
Federal sources	44,609,797	47,503,688	54,103,653	42,705,650
Sixteenth section sources	1,264,346	1,461,459	1,066,180	1,229,627
Total Revenues	270,272,381	265,993,161	263,751,577	242,047,051
Expenditures				
Instruction	145,673,354	143,036,583	142,076,000	128,841,550
Support services	93,279,094	98,144,843	96,388,505	85,628,880
Noninstructional services	17,244,828	17,062,013	15,696,661	15,960,688
Sixteenth section	61,811	121,902	96,932	71,272
Facilities acquisition and construction	19,395,119	8,605,194	6,329,933	9,906,760
Debt service				
Principal	8,435,537	9,846,855	56,038,481	56,400,147
Interest	4,320,017	4,125,032	4,538,621	5,035,523
Other	206,650		362,055	599,312
Total Expenditures	288,616,410	280,942,422	321,527,188	302,444,132
Excess (Deficiency) of Revenues over Expenditures	(18,344,029)	(14,949,261)	(57,775,611)	(60,397,081)
Other Financing Sources (Uses):				
General obligation bonds issued	36,000,000			
Refunding bonds issued			26,520,000	
Proceeds of loans			20,000,000	45,225,000
Inception of capital leases		435,000	1,646,580	2,143,993
Insurance loss recoveries	314,252	94,075	1,289,899	
Sale of other equipment		255		
Sale of transportation equipment	1,480		54,743	
Payment held by escrow agent	142,000	142,000	142,000	142,000
Operating transfers in	9,798,861	12,375,333	12,816,962	14,986,639
Other financing sources	579,031	5,265,853		1,048,779
Operating transfers out	(9,798,861)	(12,375,333)	(12,816,962)	(14,986,639)
Payment to Qualified Zone Academy debt escrow agent	(142,000)	(142,000)	(142,000)	(142,000)
Other financing uses	(5,073,825)	(35,034)		(228)
Total Other Financing Sources (Uses)	31,820,938	5,760,149	49,511,222	48,417,544
Net Change in Fund Balances	13,476,909	(9,189,112)	(8,264,389)	(11,979,537)
Fund Balances				
Fund balance, July 1,	22,256,942	31,369,798	39,731,243	50,217,221
Prior period adjustments	257,920		(97,790)	1,398,063
Fund balance, July 1, as restated	22,514,862	31,369,798	39,633,453	51,615,284
Increase (Decrease) in reserve for inventory	(70,072)	76,256	734	95,496
Fund balance, June 30,	$ 35,921,699	22,256,942	31,369,798	39,731,243

*SOURCE - PRIOR YEAR AUDIT REPORTS

JACKSON PUBLIC SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

(601) 981-5707

LYLES AND SINCLAIR

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 11625 • JACKSON, MISSISSIPPI 39283-1625

MARY LYLES, CPA, MPA

TRACEY SINCLAIR, CPA

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

Superintendent and School Board
Jackson Public School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jackson Public School District as of and for the year ended June 30, 2008, which collectively comprise Jackson Public School District's basic financial statements and have issued our report thereon dated June 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be

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significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Finding 2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that we have reported to management of the school district in a separate letter dated June 1, 2010, which is included in this report.

We also noted certain other matters that we reported to management of Jackson Public School District in a separate letter dated June 1, 2010.

Jackson Public School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Jackson Public School District's responses and, accordingly, we express no opinion on them.

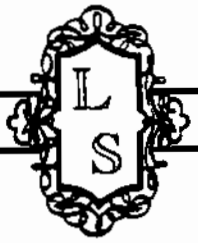
This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report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

Lyles & Sinclair, PLLC

Lyles and Sinclair, PLLC
Jackson, MS

June 1, 2010

(601) 981-5707



LYLES AND SINCLAIR

CERTIFIED PUBLIC ACCOUNTANTS

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MARY LYLES, CPA, MPA

TRACEY SINCLAIR, CPA

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
Jackson Public School District

Compliance

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

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

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to

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prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

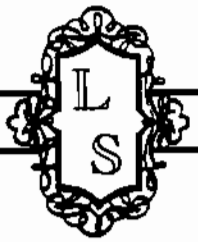
Lyles + Sinclair, PLLC

Lyles and Sinclair, PLLC
Jackson, MS

June 1, 2010

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

(601) 981-5707



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MARY LYLES, CPA, MPA

TRACEY SINCLAIR, CPA

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

Superintendent and School Board
Jackson Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson Public School District as of and for the year ended June 30, 2008, which collectively comprise Jackson Public School District's basic financial statements and have issued our report thereon dated June 1, 2010. 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 no 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 disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

1. Finding:
   Our tests of the reemployment of retirees disclosed instances where the retiree earned more than the amount allowed. Section 25-11-127, Miss. Code Ann. (1972) sets the amount the retiree may earn. This appears to have been caused by the incorrect completion of Forms 4B and results in noncompliance with state law.

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Recommendation:

We recommend the district implement controls to ensure compliance with state law regarding the reemployment of retirees.

School District Response:

While reviewing this finding, we discovered that there are instances where the Public Employees Retirement System (PERS) form 4B was improperly prepared giving the appearance that the employee earned more than allowed by state law when they really did notearn more than they were allowed to earn. Those incorrectly prepared forms were corrected and returned to PERS. The district personnel responsible for preparing the Form 4b will be re-trained to accurately complete the form. In addition, the earnings of retirees will be monitored monthly to ensure compliance with state law.

2. Finding:

We noted a fund with no budget amounts that had expenditures for the audit period. Section 37-61-9, Miss. Code Ann. (1972) requires the local school board with the assistance of the superintendent to prepare budgets for each fund. This appears to be an oversight and results in noncompliance with state law regarding the budget process.

Recommendation:

We recommend the district ascertain that controls are in place to ensure all funds are budgeted.

School District Response:

Fund 2949-This was a grant expired during the prior fiscal year. Expenditures were charged here incorrectly and were subsequently moved to the correct budget; therefore, no budget was required.

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

The Jackson Public School District's responses to the findings included in this report were not audited and, accordingly, we express no opinion on them.

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

Lyles + Sinclair, PLLC

Lyles and Sinclair, PLLC
Jackson, MS

June 1, 2010

JACKSON PUBLIC SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JACKSON PUBLIC 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?	Yes
	b. Significant deficiency (ies) identified that are not considered to be material weaknesses?	Yes

Federal Awards:

4.	Type of auditor's report issued on compliance for major federal programs:	Unqualified
5.	Internal control over major programs:	
	a. Material weakness identified?	No
	b. Significant deficiency identified that is not considered to be material weakness?	No
6.	Any audit finding(s) reported as required by Section ___.510(a) of Circular A-133?	No
7.	Federal programs identified as major programs:	
	a. Title I Grants to Local Educational Agencies	
	CFDA # 84.010	
	b. Child Nutrition Cluster	
	CFDA # 10.553	
	CFDA # 10.555	
	CFDA # 10.559	
8.	The dollar threshold used to distinguish between type A and type B programs:	$1,307,874
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

Section 2: Financial Statement Findings

Significant Deficiency - Material Weakness

2008-1. Finding

The district did not prepare its notes to the financial statements. An effective system of internal control over financial reporting should ensure that personnel are capable of preparing the notes to the financial statements in accordance with generally accepted accounting principles and possess the necessary accounting expertise to prevent, detect and correct a potential misstatement in the notes. The district chose

to have the auditor to prepare the notes to the financial statements. Without adequate controls in place, the risk of inadequate information being reported increases.

Recommendation

We recommend the district implement controls to ensure that personnel prepare and review the notes to the financial statements in accordance with generally accepted accounting principles.

Significant Deficiency

2008-2. Finding

We noted that the subsidiary records for capital assets were not updated for all capital asset additions and completed projects from construction in progress. An effective system of internal control over financial reporting should ensure that subsidiary records are monitored and properly maintained. This appears to have been caused by a breakdown in communication between departments. Failure to properly maintain subsidiary records could result in the financial statements being misstated.

Recommendation

We recommend the district monitor and properly maintain subsidiary records to ensure accurate reporting in the financial statements.

Section 3: Federal Award Findings and Questioned Costs

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

JACKSON PUBLIC SCHOOL DISTRICT

AUDITEE'S CORRECTIVE ACTION PLAN

Sharolyn Miller
Executive Director of Finance

Phone 601-973-8543
Facsimile 601-960-8715
Email smiller@jackson.k12.ms.us
www.jackson.k12.ms.us

CORRECTIVE ACTION PLAN

June 1, 2010

Office of the State Auditor
P.O. Box 956
Jackson, Mississippi 39205

Gentlemen:

The Jackson Public School District respectfully submits the following corrective action plan for the year ended June 30, 2008.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

SECTION 2: FINANCIAL STATEMENT FINDINGS

2008-1 Corrective Action Planned:

Management determined that in interest of time, we asked the auditors to draft the notes to the financial statements as they had in the past. Beginning with the June 30, 2009 audit, the District will draft our own notes to the financial statements.

Anticipated Completion Date:

For the fiscal year ending June 30, 2009

Name of Contact Person Responsible for Corrective Action:

David Setzer, Director of Finance

2008-2 Corrective Action Planned:

The District will continue to provide training to appropriate personnel as it relates to the daily operations of capital asset additions and completed projects from construction in progress procedures. A system has been implemented to review capital asset additions for bar coding and proper inclusion and capitalization of such assets. In addition, completed construction in progress projects will be monitored for timely recording as capitalized assets.

Anticipated Completion Date:

June 30, 2009

Name of Contact Person Responsible for Corrective Action:

David Setzer, Director of Finance

SECTION 3: FEDERAL AWARD FINDINGS

None noted

Sincerely yours,

Sharolyn Miller
Executive Director of Finance
(601) 973-8543