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NOXUBEE COUNTY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2008

NOXUBEE COUNTY SCHOOL DISTRICT
June 30, 2008

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**BANKS, FINLEY,
WHITE & CO.**
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Noxubee County School District

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Noxubee County School District, as of June 30, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2009, on our consideration of Noxubee County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4 through 10 and the Budgetary Comparison Schedule and corresponding notes on pages 40 through 42 and are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Banks, Family, White & Co.

June 5, 2009

NOXUBEE COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

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

This discussion and analysis is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

Financial Highlights

- Total net assets decreased \$25,729, which represents a 0.20% decrease from fiscal year 2008.
- General revenues account for \$14,803,388 in revenue, or 74% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,278,018 or 26% of total revenues.
- The District had \$20,093,575 in expenses; only \$5,278,018 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$14,803,388 and net assets were adequate to provide for these programs.
- Among major funds, the General Fund had \$12,885,991 in revenues and \$13,458,366 in expenditures. The General Fund's fund balance increased \$100,792 from the prior year.
- Capital assets, net of accumulated depreciation, decreased by \$177,722. The decrease was due primarily to depreciation taken during the year.
- Long-term debt decreased by \$443,177 from the prior year. This decrease was due to the annual principal payment on the debt.

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.

**NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

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

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

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

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

The government-wide financial statements can be found in Exhibits A and B 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 in Exhibits C-1 and D-1, respectively, of this report.

**NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

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

The basic governmental fund financial statements can be found in Exhibits C and D of this report.

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

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 38 of this report.

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

The District adopts an annual operating budget for all governmental funds. A budgetary Comparison Schedule has been provided for the General Fund and Major Special Revenue Funds. This required supplementary information can be found on pages 40 - 42 of this report.

Additionally, a Schedule of Expenditures of Federal Awards is required by OMB Circular A-133 and a schedule of instructional, administrative, and other expenditures for governmental funds and statements of revenues, expenditures and changes in fund balances for the General Fund and All Governmental Funds - last four years can be found on pages 43 - 48 of this report.

Government-wide Financial Analysis

Net assets - Net assets may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by \$12,858,230 as of June 30, 2008.

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

**NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2008 and a comparison of the same information as presented at June 30, 2007.

	NET ASSETS		PERCENTAGE CHANGE
	JUNE 30, 2008	JUNE 30, 2007	
Current assets	\$ 4,654,258	\$ 4,513,200	3.13 %
Capital assets, net	<u>17,077,596</u>	<u>17,255,318</u>	(1.03)%
Total assets	<u>\$ 21,731,854</u>	<u>\$ 21,768,518</u>	(0.17)%
Current liabilities	\$ 1,603,961	\$ 1,171,719	36.89 %
Long-term debt outstanding	<u>7,269,663</u>	<u>7,712,840</u>	(5.75)%
Total liabilities	<u>\$ 8,873,624</u>	<u>\$ 8,884,559</u>	(0.12)%
Net assets			
Invested in capital assets, net of related debt	\$ 9,915,539	\$ 9,655,199	2.70 %
Restricted	2,872,463	3,359,444	(14.50)%
Unrestricted	<u>70,228</u>	<u>(130,684)</u>	153.74 %
Total net assets	<u>\$ 12,858,230</u>	<u>\$ 12,883,959</u>	(0.20)%

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

Increase in total current assets in the amount of	\$141,058
Decrease in net capital assets in the amount of	\$177,722
Increase in current liabilities in the amount of	\$432,242
Decrease in long-term liabilities in the amount of	\$443,177

Changes in net assets - The District's total revenues for the fiscal year ended June 30, 2008 were \$20,081,406. The total cost of all programs and services was \$20,093,575. The following table presents a summary of the changes in net assets for the fiscal years ending June 30, 2008 and 2007, respectively.

NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008

	CHANGES IN NET ASSETS		PERCENTAGE CHANGE
	JUNE 30, 2008	JUNE 30, 2007	
Revenues			
Program revenues:			
Charges for services	\$ 285,449	\$ 243,800	17.08 %
Operating grants and contributions	\$ 4,992,569	4,883,963	2.22 %
General revenues;			
Property taxes	3,057,236	2,989,208	2.28 %
Grants and contributions not restricted	10,495,534	9,885,186	6.17 %
Other	1,250,618	1,046,958	19.45 %
Total revenues	<u>20,081,406</u>	<u>19,049,115</u>	5.42 %
Expenses			
Instruction	10,197,761	10,063,099	1.34 %
Support services	7,938,952	7,228,790	9.82 %
Non-instructional	1,179,494	1,138,519	3.60 %
Sixteenth section	423,239	91,074	364.72 %
Interest on long-term liabilities	354,129	380,068	(6.82)%
Total expenses	<u>20,093,575</u>	<u>18,901,550</u>	6.31 %
Increase in net assets	(12,169)	147,565	(108.25)%
Net Assets, July 1	12,883,959	12,765,674	0.93 %
Prior period adjustment	(13,560)	(29,280)	(53.69)%
Net Assets, June 30	<u>\$ 12,858,230</u>	<u>\$ 12,883,959</u>	(0.20)%

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

	2008		2007	
	TOTAL EXPENSES	NET (EXPENSE) REVENUE	TOTAL EXPENSES	NET (EXPENSE) REVENUE
Instruction	\$ 10,197,761	\$ (8,076,786)	\$ 10,063,099	\$ (7,871,400)
Support services	7,938,952	(5,977,754)	7,228,790	(5,566,734)
Non-instructional	1,179,494	16,351	1,138,519	135,489
Sixteenth section	423,239	(423,239)	91,074	(91,074)
Interest on long-term liabilities	354,129	(354,129)	380,068	(380,068)
Total Expenses	<u>\$ 20,093,575</u>	<u>\$ (14,815,557)</u>	<u>\$ 18,901,550</u>	<u>\$ (13,773,787)</u>

**NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

Net cost of governmental activities \$14,815,557, was financed by general revenue, which is made up of primarily property taxes \$3,057,236 , and state revenue of \$10,313,678 .

Investment earnings accounted for \$34,735 of funding.

Sixteenth section sources accounted for \$881,194 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 \$3,166,393, a decrease of \$298,243.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$100,792. The other major funds and their increase (decrease) in fund balances were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Sixteenth Section Interest Fund	\$ (403,258)
Sixteenth Section Principal Fund	100
Bond Retirement Fund	10,469

Budgetary Highlights

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

- ◆ Budgeted amounts for revenues from local sources increased due to an increase in receipts from special activities.
- ◆ Budgeted state revenues increased due to an increase in state supported grants that were not anticipated in the original budget.
- ◆ Budgeted revenues for federal increased because of an increase in E-Rate receipts.

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

**NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

Capital Assets and Debt Administration

Capital Assets - As of June 30, 2008, the District's total capital assets were \$24,129,374, including land, school buildings, buses, other school vehicles and furniture and equipment. This amount represents a decrease of \$90,337 from the previous year. Total accumulated depreciation as of June 30, 2008 was \$7,051,778, and total depreciation expense for the year was \$598,507, resulting in total net assets of \$17,077,596.

	<u>CAPITAL ASSETS, NET DEPRECIATION</u>		<u>PERCENTAGE</u>
	<u>2008</u>	<u>2007</u>	<u>CHANGE</u>
Land	\$ 49,211	49,211	- %
Building	14,044,571	14,366,683	(2.24)%
Building improvements	1,750,341	1,851,760	(5.48)%
Improvements other than buildings	198,576	160,329	23.86 %
Mobile equipment	883,398	751,752	17.51 %
Furniture and equipment	151,499	75,583	100.44 %
Total	<u>\$ 17,077,596</u>	<u>\$ 17,255,318</u>	(1.03)%

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

Debt Administration - At June 30, 2008, the District had \$7,269,663 in general obligation bonds and other long-term debt outstanding, of which \$539,900 is due within one year.

	<u>OUTSTANDING DEBT</u>		<u>PERCENTAGE</u>
	<u>2008</u>	<u>2007</u>	<u>CHANGE</u>
General obligation bonds payable	\$ 2,780,000	\$ 2,950,000	(5.76)%
Limited obligation bonds payable	3,020,000	3,225,000	(6.36)%
Three mill note payable	1,111,000	1,166,000	(4.72)%
Obligations under capital leases	251,057	259,119	(3.11)%
Compensated absences payable	107,606	112,721	(4.54)%
Total	<u>\$ 7,269,663</u>	<u>\$ 7,712,840</u>	(5.75)%

The District maintains a AA insured rating with Standard and Poor's.

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

Current Issues

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

The District has committed itself to financial excellence for many years. The millage has remained the lowest of all Districts. In addition, the District's system of financial planning, budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report, contact the Superintendent's Office of Noxubee County School District, 505 South Jefferson, P. O. Box 540, Macon, MS 39341.

FINANCIAL STATEMENTS

NOXUBEE COUNTY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,428,204
Due from other governments	510,005
Other receivables, net	68,083
Inventories	12,433
Restricted assets	635,533
Capital assets, not being depreciated:	
Land	49,211
Capital assets, net of accumulated depreciation:	
Buildings	14,044,571
Building improvements	1,750,341
Improvements other than buildings	198,576
Mobile equipment	883,398
Furniture and equipment	151,499
Total Assets	21,731,854
Liabilities	
Accounts payable and accrued liabilities	1,158,992
Due to other governments	-
Deferred revenue	328,873
Interest payable on long-term liabilities	116,096
Long-term liabilities, due within one year	
Capital related liabilities	498,039
Noncapital related liabilities	41,861
Long-term liabilities, due beyond one year	
Capital related liabilities	6,664,018
Noncapital related liabilities	65,745
Total Liabilities	8,873,624
Net Assets	
Investment in capital assets, net of related debt	9,915,539
Restricted net assets:	
Expendable:	
School-based activities	1,034,754
Debt service	249,978
Capital improvements	466,133
Forestry improvements	240,205
Unemployment benefits	42,729
Nonexpendable:	
Sixteenth section	838,664
Unrestricted	70,228
Total Net Assets	\$ 12,858,230

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
Instruction	\$10,197,761	115,411	2,005,564	-	\$ (8,076,786)
Support services	7,938,952	95,473	1,865,725	-	(5,977,754)
Non-instructional	1,179,494	74,565	1,121,280	-	16,351
Sixteenth section	423,239	-	-	-	(423,239)
Interest on long-term liabilities	<u>354,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(354,129)</u>
Total Governmental Activities	<u>\$20,093,575</u>	<u>285,449</u>	<u>4,992,569</u>	<u>-</u>	<u>(14,815,557)</u>
General Revenues:					
Taxes:					
					\$ 2,632,437
					424,799
Unrestricted grants and contributions:					
					10,313,678
					181,856
					34,735
					881,194
					<u>334,689</u>
					<u>14,803,388</u>
Change in net Assets					
					<u>(12,169)</u>
Net Assets - Beginning					
					12,883,959
Prior period adjustments					
					<u>(13,560)</u>
Net Assets - Beginning - Restated					
					<u>12,870,399</u>
Net Assets - Ending					
					<u>\$ 12,858,230</u>

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

EXHIBIT C

FUNDS			
Sixteenth Section Principal Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
464,809	313,368	810,016	\$ 3,893,013
-	-	170,724	170,724
-	24,085	298,371	510,005
-	-	-	18,917
-	-	965,764	2,191,845
421,862	-	-	421,862
-	-	12,433	12,433
<u>886,671</u>	<u>337,453</u>	<u>2,257,308</u>	<u>\$ 7,218,799</u>
-	-	98,854	\$ 240,064
48,007	323,263	485,136	3,061,607
-	-	-	421,862
-	-	328,873	328,873
<u>48,007</u>	<u>323,263</u>	<u>912,863</u>	<u>4,052,406</u>
-	-	42,729	42,729
-	-	240,205	240,205
416,802	-	-	416,802
-	-	466,133	466,133
-	14,190	351,884	366,074
-	-	12,433	12,433
421,862	-	-	421,862
-	-	-	177,834
-	-	231,061	1,022,321
<u>838,664</u>	<u>14,190</u>	<u>1,344,445</u>	<u>3,166,393</u>
<u>886,671</u>	<u>337,453</u>	<u>2,257,308</u>	<u>\$ 7,218,799</u>

NOXUBEE COUNTY SCHOOL DISTRICT
 Reconciliation of Governmental Funds Balance Sheet to the
 Statement of Net Assets
 June 30, 2008

	Amount
Total Fund Balance - Governmental Funds	\$ 3,166,393
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$7,051,778	17,077,596
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(7,269,663)
3. Governmental funds recognize interest on long-term debt when it becomes due, however the Statement of Net Assets recognizes interest as it accrues.	<u>(116,096)</u>
Total Net Assets - Governmental Activities	<u>\$ 12,858,230</u>

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

NOXUBEE COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2008

	Major	
	General Fund	Sixteenth Section Interest Fund
ASSETS		
Cash and cash equivalents	\$ 1,433,909	870,911
Cash with fiscal agent	-	-
Due from other governments	182,549	5,000
Other receivable, net	18,917	-
Due from other funds	871,081	355,000
Advances to other funds	-	-
Inventories	-	-
	-	-
Total Assets	<u>\$ 2,506,456</u>	<u>1,230,911</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ 131,268	9,942
Due to other funds	1,775,492	429,709
Advances from other funds	421,862	-
Deferred revenue	-	-
Total Liabilities	<u>2,328,622</u>	<u>439,651</u>
Fund Balances:		
Reserved for:		
Unemployment benefits	-	-
Forestry improvements purposes	-	-
Permanent Fund purposes	-	-
Capital improvements	-	-
Debt Service	-	-
Inventory	-	-
Advances	-	-
Unreserved - Undesignated, reported in:		
General Fund	177,834	-
Special Revenue Funds	-	791,260
	-	-
Total Fund Balances	<u>177,834</u>	<u>791,260</u>
Total Liabilities and Fund Balances	<u>\$ 2,506,456</u>	<u>1,230,911</u>

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

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

	Major	
	General Fund	Sixteenth Section Interest Fund
Revenues:		
Local sources	\$ 2,864,650	-
State sources	9,839,445	-
Federal sources	181,896	-
Sixteenth section sources	-	846,578
Total Revenues	12,885,991	846,578
Expenditures:		
Instruction	7,311,393	-
Support services	6,029,495	-
Noninstructional services	1,682	-
Sixteenth section	-	334,537
Facilities acquisition and contribution	48,000	-
Debt service:		
Principal	56,062	-
Interest	11,734	-
Other	-	-
Total Expenditures	13,458,366	334,537
Excess (Deficiency) of Revenues Over Expenditures	(572,375)	512,041
Other Financing Sources (Uses):		
Inception of Capital lease	48,000	-
Insurance loss recoveries	136,845	-
Operating transfers in	1,108,307	-
Operating transfers out	(606,420)	(915,299)
Other uses	-	-
Total Other Financing Sources (Uses)	686,732	(915,299)
Net Change in Fund Balances	114,357	(403,258)
Fund Balances:		
July 1, 2007	77,042	1,194,518
Prior period adjustments	(13,565)	-
July 1, 2007, as restated	63,477	1,194,518
(Decrease) in reserve for inventory	-	-
June 30, 2008	\$ 177,834	791,260

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

EXHIBIT D

FUNDS			
Sixteenth Section Principal Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
-	324,185	290,957	\$ 3,479,792
-	301	1,020,263	10,860,009
-	-	4,446,197	4,628,093
<u>29,537</u>	<u>-</u>	<u>100,552</u>	<u>976,667</u>
<u>29,537</u>	<u>324,486</u>	<u>5,857,969</u>	<u>19,944,561</u>
-	-	2,482,373	9,793,766
-	-	2,116,944	8,146,439
-	-	1,148,133	1,149,815
-	-	88,702	423,239
-	-	-	48,000
-	170,000	260,000	486,062
-	143,119	205,604	360,457
-	726	-	726
<u>-</u>	<u>313,845</u>	<u>6,301,756</u>	<u>20,408,504</u>
<u>29,537</u>	<u>10,641</u>	<u>(443,787)</u>	<u>(463,943)</u>
-	-	-	48,000
-	-	-	136,845
-	79,263	584,157	1,771,727
(29,437)	(79,435)	(141,136)	(1,771,727)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(29,437)</u>	<u>(172)</u>	<u>443,021</u>	<u>184,845</u>
<u>100</u>	<u>10,469</u>	<u>(766)</u>	<u>(279,098)</u>
838,564	3,721	1,350,791	3,464,636
-	-	-	(13,565)
<u>838,564</u>	<u>3,721</u>	<u>1,350,791</u>	<u>3,451,071</u>
-	-	(5,580)	(5,580)
<u>838,664</u>	<u>14,190</u>	<u>1,344,445</u>	<u>\$ 3,166,393</u>

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

	Amount
Net Change in Fund Balances - Governmental Funds	\$ (279,098)
Amounts reported for governmental activities in the Statement of Activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchase amounted to \$477,304 and the depreciation expense amounted to \$598,507.	(121,203)
2. The issuance of long-term debt provides current financial resources to governmental funds, but the issuance increase long-term liabilities in the Statement of Activities.	(48,000)
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.	486,062
4. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.	7,054
5. Proceeds from the sale of assets are reported in the governmental funds as revenues, but only the gain or loss on the sale of assets is reported in the Statement of Activities.	(56,519)
6. Decrease in the inventory is reported as an adjustment to fund balance in the governmental funds, but Noninstructional expenditures are increased in the Statement of Activities.	(5,580)
7. Expenses in the Statement of Activities not normally paid with expendable available financial resources are not reported as expenditures in the government funds: Compensated absences	5,115
Change in Net Assets of Governmental Activities	\$ (12,169)

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

NOXUBEE COUNTY SCHOOL DISTRICT
Statement of Fiduciary Assets and Liabilities
June 30, 2008

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 26,349
Due from other funds	<u>918,928</u>
Total Assets	<u>\$ 945,277</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 890,189
Due to other funds	49,166
Due to student clubs	<u>5,922</u>
Total Liabilities	<u>\$ 945,277</u>

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

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five (5) member board which each member was elected by the citizens of each defined county district.

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

B. Basis of Presentation

Government-wide Financial Statements:

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

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

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

1. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. *Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements:

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

The school district reports the following major governmental funds:

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

Sixteenth Section Interest Fund - This fund is used to account for revenues and expenditures associated with sixteenth section land.

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

Bond Retirement Fund - This fund is used to report the revenues and expenditures of the district's general obligation bonds.

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

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

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

FIDUCIARY FUNDS

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

C. Measurement Focus and Basis of Accounting

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

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

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

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

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

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

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

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

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

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

D. Account Classifications

The account classifications used in the financial statements conform to the broad classifications recommended in *Government 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 purchase orders, work orders and contracts during the fiscal year.

F. Assets, liabilities, and net assets or equity

1. Cash, Cash Equivalents and Investments.

Cash and cash equivalents.

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

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 statues specify how these depositories are to be selected.

Investments.

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items.

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

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

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

5. Restricted Assets.

Certain resources set aside for repayment of debt are classified as restricted assets on the balance sheet because their use is limited by applicable debt statutes. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this account.

6. Capital Assets.

Capital assets, which include property, plant, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the following table and estimated useful lives in excess of two years.

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

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

	Capitalization Policy	Estimated Useful Life
Land	\$ -	0
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.

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

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

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

Reserved for capital improvements - 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 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.

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

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

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

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

NOTE 2 - CASH AND CASH EQUIVALENTS AND CASH WITH FISCAL AGENTS

Cash and Cash Equivalents

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 the 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.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$3,893,013 and \$26,349, respectively. The carrying amount of deposits reported in the government-wide statements was: Cash and cash equivalents \$3,428,204 and Restricted Assets \$635,533. The restricted assets represent the cash balance of the sixteenth section Principal funds (Permanent Funds) which is legally restricted and may not be used for purposes that support the district's programs and cash with Fiscal Agent which is restricted for debt service. The bank balance was \$4,319,442.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a 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 the 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 \$4,319,442 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of the school district's cash with fiscal agents held by financial institutions was \$170,724.

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 3 - INTERFUND RECEIVABLES, PAYABLE 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	Sixteenth Section Interest Fund	\$ 429,709
	Sixteenth Section Principle Fund	48,007
	Other governmental funds	381,410
	Fiduciary Funds	11,955
Sixteenth Section Interest Fund	General Fund	325,000
	Other governmental funds	30,000
Other governmental funds	General fund	605,290
	Bond Retirement Fund	323,263
	Fiduciary funds	37,211
Fiduciary funds	General Fund	845,202
	Other governmental funds	<u>73,726</u>
Total		<u>\$ 3,110,773</u>

Due from other funds represents amounts receivable from other funds and due to other funds represents amounts payable to other funds.

Interfund loans were mainly for negative cash balances in pooled bank accounts.

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Sixteenth Section Principal Fund	General Fund	\$ 421,862
Total		<u>\$ 421,862</u>

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

Sixteenth Section Principal Loan Payable

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

Year Ending June 30	Principal	Interest	Total
2009	\$ 60,961	16,225	\$ 77,186
2010	63,389	13,787	77,176
2011	65,924	11,252	77,176
2012	68,561	8,615	77,176
2013	71,303	5,872	77,175
2014 - 2015	<u>91,724</u>	<u>3,020</u>	<u>94,744</u>
Total	<u>\$ 421,862</u>	<u>58,771</u>	<u>\$ 480,633</u>

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

C. Interfund Transfers.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund		
	Bond Retirement Fund	\$ 79,263
	Other Governmental Funds	527,157
Sixteenth Section Interest Fund	General Fund	858,299
	Other Governmental Funds	57,000
Sixteenth Section Principle Fund	General Fund	29,437
Bond Retirement Fund	General Fund	79,435
Other Governmental Funds	General Fund	<u>141,136</u>
Total		<u>\$ 1,771,727</u>

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

NOTE 4 - RESTRICTED ASSETS

The restricted assets represent the cash balance totaling \$464,809 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 balance totaling \$170,724 of the MAEP Limited Obligation Bond/Note Fund.

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 5 - CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance July 1, 2007</u>	<u>Addition</u>	<u>Reductions</u>	<u>Completed Construction</u>	<u>Adjustments</u>	<u>Balance June 30, 2008</u>
<u>Non-depreciable Capital assets:</u>						
Land	\$ 49,211	-	-	-	-	\$ 49,211
Construction in progress	-	-	-	-	-	-
Total non-depreciable capital assets	<u>49,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,211</u>
<u>Depreciable capital assets:</u>						
Buildings	17,720,843	-	-	-	-	17,720,843
Building improvements	3,149,676	-	-	-	-	3,149,676
Improvements other than buildings	195,828	48,000	-	-	-	243,828
Mobile equipment	2,749,261	318,580	(536,755)	-	-	2,531,086
Furniture and equipment	354,892	110,724	(30,886)	-	-	434,730
Total depreciable capital assets	<u>24,170,500</u>	<u>477,304</u>	<u>(567,641)</u>	<u>-</u>	<u>-</u>	<u>24,080,163</u>
<u>Less accumulated depreciation for:</u>						
Buildings	3,354,160	322,112	-	-	-	3,676,272
Building improvements	1,297,916	101,419	-	-	-	1,399,335
Improvements other than buildings	35,499	9,753	-	-	-	45,252
Mobile equipment	1,997,509	133,259	(483,080)	-	-	1,647,688
Furniture and equipment	279,309	31,964	(28,042)	-	-	283,231
Total accumulated depreciation	<u>6,964,393</u>	<u>598,507</u>	<u>(511,122)</u>	<u>-</u>	<u>-</u>	<u>7,051,778</u>
Total depreciable capital assets, net	<u>17,206,107</u>	<u>(121,203)</u>	<u>(56,519)</u>	<u>-</u>	<u>-</u>	<u>17,028,385</u>
Governmental activities capital assets, net	<u>\$ 17,255,318</u>	<u>(121,203)</u>	<u>(56,519)</u>	<u>-</u>	<u>-</u>	<u>\$ 17,077,596</u>

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 429,716
Support services	146,500
Non-instructional	22,291
Total depreciation expense	\$ 598,507

NOTE 6 - LONG-TERM LIABILITIES

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

	Balance July 1, 2007	Additions	Reduction	Balance June 30, 2008	Amounts Due Within One Year
A. General obligation bond payable	\$ 2,950,000	-	170,000	\$2,780,000	\$ 180,000
B. Limited obligation bond payable	3,225,000	-	205,000	3,020,000	215,000
C. Three mill note payable	1,166,000	-	55,000	1,111,000	57,000
D. Obligation under capital lease	259,119	48,000	56,062	251,057	46,039
E. Compensated absences payable	112,721	-	5,115	107,606	41,861
Total	\$ 7,712,840	48,000	491,177	\$7,269,663	\$ 539,900

A. General obligation bond 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	Amounts Outstanding
General obligation bonds, Series 1999	4.625% to 6.5%	09-15-1999	09-15-2019	\$ 3,900,000	\$ 2,780,000
				\$ 3,900,000	\$ 2,780,000

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

Details of the June 30, 2008 general obligation bonded indebtedness is as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 180,000	134,081	\$ 314,081
2010	185,000	125,571	310,571
2011	195,000	116,593	311,593
2012	205,000	107,041	312,041
2013	215,000	96,881	311,881
2014 - 2018	1,260,000	306,326	1,566,326
2019 - 2023	<u>540,000</u>	<u>27,040</u>	<u>567,040</u>
Total	<u>\$ 2,780,000</u>	<u>913,533</u>	<u>\$ 3,693,533</u>

The amount of bonded indebtedness that can be incurred by the school district is limited by state statute. 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 state statutes, have been met. As of June 30, 2008, the amount of outstanding bonded indebtedness was equal to 5% of property assessments as of October 1, 2007. This debt will be retired from Noxubee County School District's Debt Service Fund.

B. Limited obligation bond 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 bonds	4.5% to 6.4%	06-01-1998	02-01-2018	\$ 4,405,000	\$ 3,020,000
				<u>\$ 4,405,000</u>	<u>\$ 3,020,000</u>

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

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

Year Ending June 30	Principal	Interest	Total
2009	\$ 215,000	131,063	\$ 346,063
2010	225,000	121,163	346,163
2011	235,000	110,813	345,813
2012	245,000	100,013	345,013
2013	260,000	88,650	348,650
2014 - 2018	<u>1,840,000</u>	<u>251,089</u>	<u>2,091,089</u>
Total	<u>\$ 3,020,000</u>	<u>802,791</u>	<u>\$ 3,822,791</u>

The state aid capital improvement bonds are secured by an irrevocable pledge of certain revenues the district receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972). The state aid capital improvement bonds are not included in the computation of the debt limit percentage. This debt will be retired from Noxubee County School District Debt Service Fund.

C. Three mill note payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill note payable	3.75% to 4.25%	10/15/02	10/15/17	\$ <u>1,400,000</u>	\$ <u>1,111,000</u>
				\$ <u>1,400,000</u>	\$ <u>1,111,000</u>

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

Details of the district's June 30, three mill note payable is as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 57,000	45,186	\$ 102,186
2010	94,000	42,112	136,112
2011	98,000	38,183	136,183
2012	103,000	34,062	137,062
2013	110,000	29,641	139,641
2014 - 2018	<u>649,000</u>	<u>71,623</u>	<u>720,623</u>
Total	<u>\$ 1,111,000</u>	<u>260,807</u>	<u>\$ 1,371,807</u>

This debt will be retired from Noxubee County School District Debt Service Fund.

D. Obligation Under Capital Lease

The school district entered into a lease agreement that qualifies as a capital lease for accounting purposes. Leased property under this lease is composed of school buses, lawn mowers, pickup truck and stadium seating.

The various options available to the lessee are as follows:

1. Prepay the lease obligation in amounts equal to or exceeding \$10,000
2. Purchase all or any part of the equipment under the purchase option included in the Master Lease Agreement

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

Year Ending June 30	Principal	Interest	Total
2009	\$ 46,039	10,293	\$ 56,332
2010	48,036	8,297	56,333
2011	50,120	6,212	56,332
2012	52,295	4,036	56,331
2013	<u>54,567</u>	<u>1,766</u>	<u>56,333</u>
Total	<u>\$ 251,057</u>	<u>30,604</u>	<u>\$ 281,661</u>

This debt will be retired from the District Maintenance Fund.

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

E. 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.

NOTE 7 - DEFINED BENEFIT PENSION PLAN

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2008 was 11.85% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2008, 2007, and 2006 were \$1,248,474, \$1,201,154, and \$919,819, respectively, which equaled the required contributions for each year.

NOTE 8 - SIXTEENTH SECTION LANDS

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 237,405
2010	219,651
2011	186,034
2012	163,298
2013	162,923
2014 - 2018	799,921
2019 - 2023	791,247
2024 - 2028	774,115
2029 - 2033	698,773
2034 - 2038	589,430
2039 - 2043	204,297
2044 - 2048	44,933
2049 - 2051	3,309
	<u>\$ 4,875,336</u>

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 9 - PRIOR PERIOD ADJUSTMENTS/EXHIBITS

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

Explanation

Reclassify fund equity - An adjustment to correct a prior year error in recording an asset or liability. \$ 13,560

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

Explanation

Reclassify fund equity - An adjustment to correct a prior year error in recording an asset or liability.

General Funds \$ (13,565)

NOTE 10 - 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 Worker's 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 Worker's Compensation Commission requires that an indemnity agreement be executed by each member in a worker's 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.

NOXUBEE COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2008

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 2,867,829	2,878,840	2,864,650	11,011	\$ (14,190)
State sources	9,575,262	9,835,278	9,839,445	260,016	4,167
Federal sources	93,639	165,501	181,896	71,862	16,395
Total Revenues	<u>12,536,730</u>	<u>12,879,619</u>	<u>12,885,991</u>	<u>342,889</u>	<u>6,372</u>
Expenditures:					
Instruction	7,498,662	7,311,984	7,311,393	186,678	591
Support services	5,021,328	6,029,423	6,029,495	(1,008,095)	(72)
Noninstructional services	-	286	1,682	(286)	(1,396)
Facilities acquisition and const.	-	-	48,000	-	(48,000)
Debt service					
Principal	207,070	56,062	56,062	151,008	-
Interest	18,952	11,734	11,734	7,218	-
Total Expenditures	<u>12,746,012</u>	<u>13,409,489</u>	<u>13,458,366</u>	<u>(663,477)</u>	<u>(48,877)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(209,282)</u>	<u>(529,870)</u>	<u>(572,375)</u>	<u>(320,588)</u>	<u>(42,505)</u>
Other Financing Sources (Uses):					
Inception of Capital lease.	-	-	48,000	-	48,000
Insurance loss recoveries	-	100,561	136,845	100,561	36,284
Operating transfers in	776,000	1,797,535	1,108,307	1,021,535	(689,228)
Operating transfers out	(660,567)	(1,314,084)	(606,420)	(653,517)	707,664
Other sources	240,031	-	-	(240,031)	-
Other uses	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>355,464</u>	<u>584,012</u>	<u>686,732</u>	<u>228,548</u>	<u>102,720</u>
Net Change in Fund Balances	<u>146,182</u>	<u>54,142</u>	<u>114,357</u>	<u>(92,040)</u>	<u>60,215</u>
Fund Balances:					
July 1, 2007	619,102	307,376	77,042	(311,726)	(230,334)
Prior period adjustment	-	-	(13,565)	-	(13,565)
July 1, 2007, as restated	<u>619,102</u>	<u>307,376</u>	<u>63,477</u>	<u>(311,726)</u>	<u>(243,899)</u>
June 30, 2008	<u>\$ 765,284</u>	<u>361,518</u>	<u>177,834</u>	<u>(403,766)</u>	<u>\$ (183,684)</u>

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

NOXUBEE COUNTY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Sixteenth Section Interest Fund
 For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual (GAAP Basic)	<u>Variances Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Revenues:					
Sixteenth section sources	\$ <u>636,000</u>	<u>846,578</u>	<u>846,578</u>	<u>210,578</u>	\$ <u>-</u>
Total Revenues	<u>636,000</u>	<u>846,578</u>	<u>846,578</u>	<u>210,578</u>	<u>-</u>
Expenditures:					
Sixteenth section	<u>27,000</u>	<u>334,537</u>	<u>334,537</u>	<u>(307,537)</u>	<u>-</u>
Total Expenditures	<u>27,000</u>	<u>334,537</u>	<u>334,537</u>	<u>(307,537)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>609,000</u>	<u>512,041</u>	<u>512,041</u>	<u>(96,959)</u>	<u>-</u>
Other Financing Sources (Uses):					
Operating transfers out	<u>(552,023)</u>	<u>(915,299)</u>	<u>(915,299)</u>	<u>(363,276)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(552,023)</u>	<u>(915,299)</u>	<u>(915,299)</u>	<u>(363,276)</u>	<u>-</u>
Net Change in Fund Balances	56,977	(403,258)	(403,258)	(460,235)	-
Fund Balances:					
July 1, 2007	<u>1,065,518</u>	<u>1,306,520</u>	<u>1,194,518</u>	<u>241,002</u>	<u>(112,002)</u>
June 30, 2008	<u>\$ 1,122,495</u>	<u>903,262</u>	<u>791,260</u>	<u>(219,233)</u>	<u>\$(112,002)</u>

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

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2008

Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

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

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

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

Federal Grantor/Pass Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Passed-Through Mississippi Department of Education:		
Child Nutrition Cluster		
School Breakfast Program	10.553	\$ 271,062
National School Lunch Program	10.555	782,488
Summer Food Service Program for Children	10.559	56,225
Total Child Nutrition Cluster		<u>1,109,775</u>
Total U.S. Department of Agriculture		<u>1,109,775</u>
<u>U. S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	1,510,022
Career and Technical Education - basic grants to states	84.048	42,648
Safe and drug-free schools and communities - state grants	84.186	22,235
Twenty-first century community learning center	84.287	329,466
State grants for innovative programs	84.298	5,804
Education technology state grants	84.318	12,533
Teacher quality enhancement grants	84.336	40
Reading first state grants	84.357	294,297
Rural education	84.358	81,567
Literacy through school libraries	84.364	35,299
Improving teacher quality state grants	84.367	310,825
Grants for state assessments and related activities	84.369	11,619
Total		<u>2,656,355</u>
Special education cluster:		
Special education - grants to states	84.027	461,394
Special education - preschool grants	84.173	13,785
Total		<u>475,179</u>
Total passed-through Mississippi Department of Education		<u>3,131,534</u>
Total U.S. Department of Education		<u>3,131,534</u>
<u>U. S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Health and Human Services:		
Temporary assistance for needy families	93.558	155,760
Cooperative agreement to support comprehensive school health programs to prevent the spread of HIV and other important health programs	93.938	4,000
Total U. S. Department of Health and Human Services		<u>159,760</u>
<u>U. S. Department of Defense</u>		
Direct Program:		
Reserve Officer Training Program	12.XXX	34,776
Total U. S. Department of Defense		<u>34,776</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administration Company:		
The schools and libraries program of the universal service fund	32.XXX	37,720
Total Federal Communications Commission		<u>37,720</u>
<u>Corporation for National and Community service</u>		
Passed-through Mississippi Department of Education:		
Learn and serve America - school and community based programs	94.004	10,393
Total Federal Communications Commission		<u>10,393</u>
Total for All Federal Awards		<u>\$ 4,483,958</u>

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

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.

NOXUBEE COUNTY SCHOOL DISTRICT
 Schedule of Instructional, Administrative and Other Expenditures
 Governmental Funds
 For the Year Ended June 30, 2008

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$14,529,034	10,459,289	652,714	897,988	\$ 2,519,043
Other	<u>5,879,470</u>	<u>1,712,990</u>	<u>259,276</u>	<u>62,489</u>	<u>3,844,715</u>
Total	<u>\$20,408,504</u>	<u>12,172,279</u>	<u>911,990</u>	<u>960,477</u>	<u>\$ 6,363,758</u>
 Total number of students*	 2,042				
 Cost per student	 \$ 9,994	 \$ 5,961	 \$ 447	 470	 \$ 3,116

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, and 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 functions: 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 of the fiscal year.

OTHER SUPPLEMENTAL INFORMATION

NOXUBEE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes
in Fund Balances
General Fund
Last Four Years

'UNAUDITED'

	2008	2007*	2006*	2005*
Revenues				
Local sources	\$ 2,864,650	2,735,818	2,858,115	\$ 2,585,221
State sources	9,839,445	9,191,537	8,834,295	8,434,670
Federal sources	<u>181,896</u>	<u>115,344</u>	<u>103,875</u>	<u>148,213</u>
Total Revenue	<u>12,885,991</u>	<u>12,042,699</u>	<u>11,796,285</u>	<u>11,168,104</u>
Expenditures:				
Instruction	7,311,393	7,023,281	6,891,752	6,451,768
Support services	6,029,495	5,409,123	5,420,465	4,531,948
Noninstructional services	1,682	-	-	-
Facilities acquisition and construction	48,000	-	-	77,444
Debt services				
Principal	56,062	146,607	138,664	185,334
Interest	<u>11,734</u>	<u>20,808</u>	<u>29,653</u>	<u>40,688</u>
Total Expenditures	<u>13,458,366</u>	<u>12,599,819</u>	<u>12,480,534</u>	<u>11,287,182</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(572,375)</u>	<u>(557,120)</u>	<u>(684,249)</u>	<u>(119,078)</u>
Other Financing Sources (Uses):				
Inception of capital lease	48,000	56,290	-	-
Insurance loss recoveries	136,845	-	45,170	25,491
Operating transfers in	1,108,307	705,179	977,634	787,843
Operating transfers out	(606,420)	(477,964)	(729,631)	(971,831)
Other uses	-	(293)	(1,614)	(1,960)
Total Other Financing Sources (Uses)	<u>686,732</u>	<u>283,212</u>	<u>291,559</u>	<u>(160,457)</u>
Net Change in Fund Balances	<u>114,357</u>	<u>(273,908)</u>	<u>(392,690)</u>	<u>(279,535)</u>
Fund Balances:				
July 1,	77,042	313,739	706,429	985,964
Prior period adjustment,	<u>(13,565)</u>	<u>37,211</u>	<u>-</u>	<u>-</u>
July 1, as restated	<u>63,477</u>	<u>350,950</u>	<u>706,429</u>	<u>985,964</u>
June 30,	<u>\$ 177,834</u>	<u>77,042</u>	<u>313,739</u>	<u>\$ 706,429</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

NOXUBEE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes
in Fund Balances
All Governmental Funds
Last Four Years

	"UNAUDITED"			
	<u>2008</u>	<u>2007*</u>	<u>2006*</u>	<u>2005*</u>
Revenues				
Local sources	\$ 3,479,792	3,346,490	3,279,528	\$ 2,795,751
Intermediate sources	-	2,500	-	-
State sources	10,860,009	10,271,076	9,912,304	9,451,216
Federal sources	4,628,093	4,495,574	4,790,099	4,286,405
Sixteenth section sources	<u>976,667</u>	<u>877,188</u>	<u>331,377</u>	<u>355,405</u>
Total Revenue	<u>19,944,561</u>	<u>18,992,828</u>	<u>18,313,308</u>	<u>16,888,777</u>
Expenditures:				
Instruction	9,793,766	9,624,652	9,769,412	9,016,562
Support services	8,146,439	7,246,680	7,148,939	5,965,090
Noninstructional services	1,149,815	1,168,465	1,170,921	1,157,208
Sixteenth section	423,239	91,074	116,977	42,628
Facilities acquisition and construction	48,000	-	399,763	2,205,925
Debt services				
Principal	486,062	613,213	581,016	548,334
Interest	360,457	393,462	430,466	467,895
Other	<u>726</u>	<u>1,701</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>20,408,504</u>	<u>19,139,247</u>	<u>19,617,494</u>	<u>19,403,642</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(463,943)</u>	<u>(146,419)</u>	<u>(1,304,186)</u>	<u>(2,514,865)</u>
Other Financing Sources (Uses):				
Inception of capital lease	48,000	-	-	-
Insurance loss recoveries	136,845	56,290	45,170	25,491
Operating transfers in	1,771,727	1,178,143	1,555,355	3,131,499
Other sources	-	-	-	-
Operating transfers out	(1,771,727)	(1,178,143)	(1,555,355)	(3,131,499)
Other uses	<u>-</u>	<u>(3,741)</u>	<u>(28,368)</u>	<u>(11,792)</u>
Total Other Financing Sources (Uses)	<u>184,845</u>	<u>52,549</u>	<u>16,802</u>	<u>13,699</u>
Net Change in Fund Balances	<u>(279,098)</u>	<u>(93,870)</u>	<u>(1,287,384)</u>	<u>(2,501,166)</u>
Fund Balances:				
July 1,	3,464,636	3,522,997	4,815,873	7,311,402
Prior period adjustment,	<u>(13,565)</u>	<u>30,585</u>	<u>-</u>	<u>2,129</u>
July 1, as restated	<u>3,451,071</u>	<u>3,553,582</u>	<u>4,815,873</u>	<u>7,313,531</u>
Increase (Decrease) in reserve for inventory	<u>(5,580)</u>	<u>4,924</u>	<u>(5,491)</u>	<u>3,508</u>
June 30,	<u>\$ 3,166,393</u>	<u>3,464,636</u>	<u>3,522,998</u>	<u>\$ 4,815,873</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

NOXUBEE COUNTY SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

JUNE 30, 2008



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

Superintendent and School Board
Noxubee County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Noxubee County School District as of and for the year ended June 30, 2008, which collectively comprise the Noxubee County School District's basic financial statements and have issued our report thereon dated June 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material material weaknesses. However, we considered the significant deficiency described above in Finding 2008-2 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 our tests did not disclose any 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 5, 2009 which is included in this report.

The Noxubee County School District's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. We did not audit Noxubee County 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.

Banks, Finley, White & Co

June 5, 2009



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
Noxubee County School District

Compliance

We have audited the compliance of the Noxubee County School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The school district's major federal programs are identified in the summary of auditor's results section of the 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, Noxubee County School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2008-4.

Internal Control Over Compliance

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

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in the internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2008-3 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the significant deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2008-3 to be a material weakness.

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

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

Baker, Finley, White & Co.

June 5, 2009

NOXUBEE COUNTY SCHOOL DISTRICT

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



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

Superintendent and School Board
Noxubee County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Noxubee County School District as of and for the year ended June 30, 2008, which collectively comprise the Noxubee County School District's basic financial statements and have issued our report thereon dated June 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Section 37-9-18(3)a, Miss Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(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(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$35,265 of classroom supply funds carried over from previous years.

Section 37-9-18(3)(b), Mississippi, 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 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. Condition
The School District did not sufficiently fund the Unemployment Compensation Fund as required by Section 71-5-359, Miss Code Ann. (1972).

Recommendation

Noxubee County School District should maintain a balance in the Unemployment Compensation fund of not less than two percent (2%) of the first \$6,000 paid to each employee as required by Section 71-5-359, Miss Code Ann. (1972).

School District's Response

The District will implement policies and procedures to ensure that the Unemployment Compensation Fund is sufficiently funded in a manner consistent with the requirements of the *Financial Accounting Manual for Mississippi Public School Districts*.

2. Condition
The School District did not adopt its final amended budget by October 15, 2008 as required by Section 37-61-19, Miss Code Ann. (1972).

Recommendation

The school District should adopt its final amended budget by October 15, 2008 as required by Section 37-61-19, Miss Code Ann. (1972).

School District's Response

The District will implement policies and procedures that the board adopt its final amended budget by October 15, 2008 as required by Section 37-61-19, Miss Code Ann. (1972) in accordance with guidelines found in the *Financial Accounting Manual for Mississippi Public School Districts*.

3. Condition
The School District did not file Form 4B with PERS for services performed by one of its employed retirees as required by Section 25-11-127, Miss Code Ann. (1972).

Recommendation

The School District should file the appropriate form(s) with PERS for the employment of retirees as required by Section 25-11-127, Miss Code Ann. (1972).

School District's Response

The District will implement controls to ensure that Form 4B is filed with PERS for all retiree employees as required by Section 25-11-127, Miss Code Ann. (1972) and in a manner consistent with the requirement of the *Financial Accounting Manual for Mississippi Public School Districts*.

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 Noxubee county 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.

Burns, Faily, White & Co.

June 5, 2009

NOXUBEE COUNTY SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2008

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the financial statements. | Unqualified |
| 2. | Material noncompliance relating to the financial statements. | None |
| 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 weaknesses identified? | Yes |
| b. | Significant deficiency(ies) identified that are not considered to be material weaknesses? | None Reported |
| 6. | Any audit findings reported as required by Section __.510(a) of Circular A-133? | Yes |
| 7. | Federal programs identified as major programs: | |
| a. | Cluster: Child Nutrition
CFDA #10.553
CFDA #10.555
CFDA #10.559 | |
| b. | CFDA #84.010, Title I Grants to Local Educational Agencies | |
| c. | CFDA #84.287, Twenty-first Century Community Learning Center | |
| d. | CFDA #84.367, Improving Teacher Quality State Grants | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned cost relative to federal awards which would require auditee to prepare a summary schedule of prior audit findings as discussed in Section _____.315(b) of OMB Circular A-133? | Yes |

NOXUBEE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section 2: Findings Relating to the Financial Statements

Finding 2008-1

Significant deficiency not considered a material weakness.

Condition

Although the school district follows the policies and procedures outlined in the "State of Mississippi Financial Accounting Manual for Mississippi Public Schools", the district does not have an up-to-date written manual of accounting policies and procedures. The purpose of such a manual is to ensure that proper accounting principles are being applied, that similar transactions are treated consistently, and that financial reports are produced in the form desired by management. A well-written accounting manual will aid in the training of new employees and will assist management in delegating and segregating duties. The manual should include:

An organization chart.

Job descriptions, outlining duties and responsibilities.

Description of methods, procedures and accounting principles to be followed including explanations and examples of principle transactions

A chart of accounts with detailed explanations of items to be included therein, (Included in state manual).

Any other documents or forms for which uniformity of use is desired.

Cause

The district has not developed a policy and procedures manual that reflects the actual policies and accounting procedures used by the district.

Effect

The actual policies and procedures followed by the district are not in writing.

Criteria

OMB Common Rule Section 20:Standards for financial management systems, Part b (3), states that "Effective control and accountability must be maintained" .

Recommendation

We recommend that the district develop a comprehensive accounting policies and procedures manual.

NOXUBEE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Finding 2008-2

Material weakness.

Condition

During our audit of the general activity and club funds receipts and disbursements, we found the following internal control weaknesses.

- A. Our review of the Activity Fund School Event Receipts form revealed the following;
 - 1. In some instances the tickets sold and tickets returned section of the form was not completed.
 - 2. The form did not contain all the required signatures.
 - 3. The number of tickets sold per the beginning and ending ticket numbers did not agree with the number sold. Usually off by one (1) ticket sold.

- B. During our review of the Student Vocation and High School Club fund we noted the following internal control weaknesses.
 - 1. Our review of the High School Club Fund receipts revealed that in some instances, there were no copies of receipts issued to person's remitting funds attached with transmittal reports in accordance with the reporting requirements of the Financial Accounting Manual for MS Public School Districts.

 - 2. Our review of the Vo-Tech Club Fund Receipts revealed that the transmittal report for April 2008 was submitted six (6) working days following the close of the month instead of five (5) working days as required by the Financial Accounting Manual for MS Public School Districts.

Cause

Internal administrative control procedures have not been implemented to ensure the safeguard of activities of student club funds.

Effect

Weakness in administrative control procedures over student club funds.

Criteria

State of Mississippi Financial Accounting Manual for Mississippi Public School Districts "Section F" Activity Funds.

Recommendation

The district should implement policies and procedures to correct the weaknesses stated above. Guidance can be found in the *Financial Accounting Manual for Mississippi Public School Districts*.

NOXUBEE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section 3: Federal Award Findings and Questioned Costs

Finding 2008-3

Material Weakness

DEPARTMENT OF AGRICULTURE
Child Nutrition Cluster; CFDA #10.553, CFDA #10.555 & CFDA # 10.559

Condition

During our test of the National School Lunch Program, we tested 25 daily collections in February 2008 and found that five daily collections were not deposited in a timely manner. These deposits were made three or more days after they were collected.

Cause

Poor implementation of established policy.

Effect

Making untimely deposits could result in the possibility of fraudulent activities.

Criteria

OMB Common Rule Section 20:Standards for financial management systems, Part b (3), states that "Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes".

Recommendation

All program income collected should be deposited on a daily basis to safeguard the district's assets against possible loss.

Finding 2008-4

Material Weakness

DEPARTMENT OF EDUCATION
Title I; CFDA #84.010

Condition

During our testwork of the "Participation of Private School Children", we found that no consultation letters were sent to private schools informing them of the availability of 21st Century Community Learning Center funds.

NOXUBEE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Cause

Poor implementation of established policy.

Effect

Private schools were not made aware of 21st Century Community Learning Center funds available to them.

Criteria

Title I, Part A CFDA 84.010 states, " the School District must provide eligible private school children and their teachers or other educational personnel with equitable services or other benefits under 21st Century Community Learning Center program".

Recommendation

Noxubee County School District should ensure that consultation letters are sent to private schools informing them of the availability of 21st Century funds.

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section ____315(c) of OMB Circular A-133, the Noxubee County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2008:



Kevin Jones, Ed. D.
Superintendent of Education

Noxubee County School District

P.O. Box 540
Macon, Mississippi 39341
Phone: (662) 726-4527 or 726-4583
www.noxcnty.k12.ms.us

Earl Stewart, Chairperson
Albert Williams, Vice Chairperson
Essie Spencer, Secretary
Hazel Johnson, Board Member
Narvel Coleman, Board Member

Joann Grassaree
Secretary

RESPONSES TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

June 17, 2009

Finding

Corrective Action Plan Details

2008-1

- a. Contact Person Responsible: Terry L. Stennis
- b. Corrective Action Planned:
The District will develop policies and procedures that reflect the actual policies and accounting procedures used by the district while continuing to meet the accounting standards provided in the *Financial Accounting Manual for Mississippi Public School Districts*.
- c. Anticipated Completion Date: By the end of the 2009 school year.

2008-2.

- a. Contact Person Responsible: Terry L. Stennis
- b. Corrective Action Planned
The District will implement internal administrative control procedures to ensure the safeguard of activities of student club funds in accordance with guidelines found in Section F of the *Financial Accounting Manual for Mississippi Public School Districts*.
- c. Anticipated Completion Date: By the end of the 2009 school year.

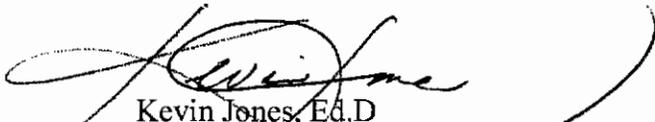
2008-3

- a. Contact Person Responsible: Terry L. Stennis
- b. Corrective Action Planned
The District will properly enforce its current controls and procedures to ensure that daily collections are deposited in a timely manner as stated in the *Financial Accounting Manual for Mississippi Public School Districts*.
- b. Anticipated Completion Date: By the end of the 2009 school year.

2008-4.

- a. Contact Person Responsible: Terry L. Stennis
- b. Corrective Action Planned
The District will ensure that letters be sent to private schools informing them of the availability of 21st Century Community Learning Center funds as provided in the Federal statutes governing the award and use of such funds.
- c. Anticipated Completion Date: By the end of the 2009 school year.

Sincerely,



Kevin Jones, Ed.D
Superintendent of Education

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As required by Section .315(b) of OMB Circular A-133, the Noxubee County School District has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2008:

<u>Finding</u>	<u>Status</u>
2007-1	Corrective action was partially taken
2007-2	Corrective action was taken
2007-3	Corrective action was taken