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SIMPSON COUNTY SCHOOL DISTRICT

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

**Charles L. Shivers, CPA
Ridgeland, MS**

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TABLE OF CONTENTS

FINANCIAL AUDIT REPORT.....	1
Independent Auditor's Report	3
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	5
BASIC FINANCIAL STATEMENTS.....	13
Statement of Net Assets.....	15
Statement of Activities.....	16
Balance Sheet – Governmental Funds.....	17
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	20
Statement of Fiduciary Assets and Liabilities.....	21
Notes to the Financial Statements.....	23
REQUIRED SUPPLEMENTARY INFORMATION.....	37
Budgetary Comparison Schedule for the General Fund.....	39
Budgetary Comparison Schedule for the Major Special Revenue Fund - Title I Fund.....	40
Budgetary Comparison Schedule for the Major Special Revenue Fund - IDEA Part B Fund.....	41
Budgetary Comparison Schedule for the Major Special Revenue Fund -16 th Section Interest Fund..	42
Notes to the Required Supplemental Information.....	43
SUPPLEMENTARY INFORMATION.....	45
Schedule of Expenditures of Federal Awards.....	47
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	49
OTHER SUPPLEMENTAL INFORMATION.....	51
Statement of Revenues, Expenditures and Changes in Fund Balance, General Fund, Last Four Years.....	53
Statement of Revenues, Expenditures and Changes in Fund Balance, All Governmental Funds, Last Four Years.....	54
REPORTS ON INTERNAL CONTROL AND COMPLIANCE.....	55
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	57
Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	59
REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS.....	61
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	65
AUDITEES CORRECTIVE ACTION PLAN.....	71

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FINANCIAL AUDIT REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Simpson County School District

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

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinions.

In my 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 Simpson 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*, I have also issued my report dated August 6, 2009, on my consideration of the Simpson County School District's internal control over financial reporting and on my 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 my 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 my audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule(s) and related notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I 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, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Simpson 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 my 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, I express no opinion on it.



Ridgeland, MS
August 6, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

- Total net assets increased \$2,392,921 (including the effects of the prior period adjustment), which represents a 9.5% increase from fiscal year 2007.
- General revenues account for \$25,707,920 in revenue, or 78% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,296,794 or 22% of total revenues.
- The District had \$30,603,222 in expenses; only \$7,296,794 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$25,707,920 were adequate to provide for these programs.
- Among major funds, the General Fund had \$25,504,839 in revenues and \$22,576,347 in expenditures. The General Fund's fund balance increased \$290,689 over the prior year.
- Capital assets, net of accumulated depreciation, decreased by \$66,982.
- Long-term debt decreased by \$358,709.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate

compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

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

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

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

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

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

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

Additionally, a Schedule of Expenditures of Federal Awards is required by OMB Cir. A-133 and a Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, as required by the Mississippi State Auditor, can be found in this report. Also, this report includes a Statement of Revenues, Expenditures and Changes in Fund Balance, General Fund, Last Four Years and a Statement of Revenues, Expenditures and Changes in Fund Balance, All Governmental Funds, Last Four Years as required by the Mississippi Department of Education.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$27,490,782 as of June 30, 2008.

By far the largest portion of the District's net assets (60%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, mobile equipment, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending.

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

	<u>Net Assets</u>		<u>Percentage</u>
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>
Current assets	\$ 11,464,963	\$ 9,729,100	17.8 %
Restricted assets	2,059,655	1,613,655	27.6 %
Non-depreciable assets	466,437	159,514	192.4 %
Depreciable assets, net	<u>18,921,566</u>	<u>19,295,471</u>	-1.9 %
Total assets	<u>32,912,621</u>	<u>30,797,740</u>	6.9 %
Current liabilities	2,053,906	1,973,237	4.1 %
Long-term debt outstanding	<u>3,367,933</u>	<u>3,726,642</u>	-9.6 %
Total liabilities	<u>5,421,839</u>	<u>5,699,879</u>	-4.9 %
Net assets:			
Invested in capital assets, net of related debt	16,478,003	16,039,985	2.7 %
Restricted	3,373,819	3,385,236	-0.3 %
Unrestricted	<u>7,638,960</u>	<u>5,672,640</u>	34.7 %
Total net assets	<u>\$ 27,490,782</u>	<u>25,097,861</u>	9.5 %

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

- The principal retirement of \$505,000 of long-term debt.
- The addition of \$689,551 in capital assets from the construction of a new school and the acquisition of assets.

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2008 were \$33,004,714. The total cost of all programs and services was \$30,603,222. The following table presents a summary of the changes in net assets for the fiscal years ending June 30, 2008 and 2007, respectively.

	<u>Change in Net Assets</u>		<u>Percentage</u>
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 713,745	\$ 682,133	4.6 %
Operating grants and contributions	6,583,049	6,215,256	5.9 %
General revenues:			
Property taxes	5,169,391	5,132,131	0.7 %
Grants and contributions not restricted	19,868,609	18,680,213	6.4 %
Other	<u>669,920</u>	<u>787,868</u>	-15.0 %
Total revenues	<u>33,004,714</u>	<u>31,497,601</u>	4.8 %
Expenses:			
Instruction	18,722,558	17,769,447	5.4 %
Support services	9,510,124	10,162,803	-6.4 %
Non-instructional	2,223,588	2,049,469	8.5 %
Sixteenth section	6,460	53,303	-87.9 %
Interest and other expense on long-term liabilities	<u>140,492</u>	<u>165,375</u>	-15.0 %
Total expenses	<u>30,603,222</u>	<u>30,200,397</u>	1.3 %
Special Items	0	468,275	-100.0 %
Increase (Decrease) in net assets	2,401,492	1,765,479	36.0 %
Net Assets, July 1	<u>25,097,861</u>	<u>23,332,382</u>	7.6 %
Prior Period Adjustments	(8,571)	0	> -100 %
Net Assets, June 30	<u>\$ 27,490,782</u>	<u>\$ 25,097,861</u>	9.5 %

Governmental activities. The following table presents the cost of five major District functional activities: instruction, support services, non-instructional, sixteenth section and interest and other expenses on long-term debt for fiscal years ending June 30, 2008 and 2007, respectively. The table also shows each 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	\$ 18,722,558	\$ (15,488,108)	\$ 17,769,447	\$ (14,555,079)
Support services	9,510,124	(7,550,797)	10,162,803	(8,486,492)
Non-instructional	2,223,588	(120,571)	2,049,469	(42,759)
Sixteenth section	6,460	(6,460)	53,303	(53,303)
Interest and other expenses on long-term liabilities	140,492	(140,492)	165,375	(165,375)
Total expenses	\$ 30,603,222	\$ (23,306,428)	\$ 30,200,397	\$ (23,303,008)

- Net cost of governmental activities (\$23,306,428), was financed by general revenue, which is made up of primarily property taxes (\$5,169,391) and state revenue (\$19,739,656).
- Investment earnings accounted for \$183,218 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 \$11,523,032, an increase of \$2,094,261, exclusive of the increase in inventory. \$4,541,123 or 39% of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of \$6,981,909 or 61% is reserved or designated to indicate that it is not available for spending because it has already been committed.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$290,689. The fund balance of Other Governmental Funds showed a decrease of \$131,610.

BUDGETARY HIGHLIGHTS

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

Simpson County School District enjoyed another fiscal year in which the district was able to increase its fund balance by over \$290,000. This was due mostly to the increase in local revenues because of increased new growth in the county. Total expenditures were also less than originally anticipated due to the fiscal management of funds by the school and central office administrators. While Federal Program and Special Education revenues were less than anticipated, those programs continued to provide a high level of service to the students of Simpson County. Sixteenth Section Revenues were down considerably. This is due to a decline in the market price for timber. The Board of Education has chosen to wait until the market improves before selling timber tracts. The county forester concurs with this plan.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2008, the District's total capital assets were \$29,479,431, including land, school buildings,

buses, other school vehicles and furniture and equipment. This amount represents an increase of \$680,980 from the previous year. Total accumulated depreciation as of June 30, 2008 was \$10,091,428 and total depreciation expense for the year was \$747,962, resulting in total net assets of \$19,388,003.

	<u>Capital Assets, Net of Depreciation</u>		<u>Percentage</u>
	<u>2008</u>	<u>2007</u>	<u>Change</u>
Land	\$ 159,514	\$ 159,514	0.0 %
Construction in progress	306,923	0	> 100.0 %
Buildings	17,180,542	17,595,944	-2.4 %
Improvements other than buildings	20,559	20,559	0.0 %
Mobile equipment	1,425,648	1,370,124	4.1 %
Furniture and equipment	<u>294,817</u>	<u>308,844</u>	-4.5 %
Total	<u>\$ 19,388,003</u>	<u>\$ 19,454,985</u>	-0.3 %

Debt Administration. At June 30, 2008, the District had \$3,367,933 in general obligation bonds and other long-term debt outstanding, of which \$552,897 is due within one year.

	<u>Outstanding Debt</u>		<u>Percentage</u>
	<u>2008</u>	<u>2007</u>	<u>Change</u>
Limited obligation bonds payable	\$ 2,910,000	\$ 3,415,000	-14.8 %
Compensated absences payable	<u>457,933</u>	<u>311,642</u>	46.9 %
Total	<u>\$ 3,367,933</u>	<u>\$ 3,726,642</u>	-9.6 %

The District maintains an AAA bond rating with S & P.

CURRENT ISSUES:

The Simpson County 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 constant (40.68) for several years. In addition, the District system of financial planning, budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

Latest enrollment figures indicate that student enrollment in the District has remained constant with 4200 students. The budget for the next fiscal year has taken this into account this reduction in both funding and staffing needs.

The financial outlook for Simpson County School District is very good. Pipeline construction has crossed Simpson County during 2008 and 2009 and added over \$37,000,000 in assessed value to the tax rolls. This increase in value equates to an increase in local revenues of over \$1,400,000 per year beginning in fiscal year 2010.

Construction plans for a natural gas storage facility were finalized during fiscal year 2009. This transaction meant an additional \$2,000,000 placed into the district's Sixteenth Section Principal Fund. Also included in the transaction was an additional 270 acres of land to be managed as Sixteenth Section land for the benefit of the district.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Simpson County School District, 111 Education Lane, Mendenhall, MS 39114.

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BASIC FINANCIAL STATEMENTS

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

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 9,233,671
Due from other governments	\$ 2,159,210
Other receivables, net	\$ 10,690
Inventories	\$ 61,392
Restricted assets (Note 4)	\$ 2,059,655
Non-depreciable capital assets (Note 5)	\$ 466,437
Depreciable capital assets, net (Note 5)	\$ 18,921,566
Total Assets	<u>\$ 32,912,621</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 1,990,565
Interest payable on long-term liabilities	\$ 52,320
Other payables	\$ 11,021
Long-term liabilities (Due within one year) (Note 6)	
Capital related liabilities	\$ 530,000
Non-capital related liabilities	\$ 22,897
Long-term liabilities (Due beyond one year) (Note 6)	
Capital related liabilities	\$ 2,380,000
Non-capital related liabilities	\$ 435,036
Total Liabilities	<u>\$ 5,421,839</u>
Net assets	
Investment in capital assets (net of related debt)	\$ 16,478,003
Restricted net assets	
Expendable	
School-based activities	\$ 788,244
Debt service	\$ 677,275
Forestry improvements	\$ 26,362
Unemployment benefits	\$ 94,899
Non-expendable	
Sixteenth section	\$ 1,787,039
Unrestricted	\$ 7,638,960
Total Net Assets	<u>\$ 27,490,782</u>

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

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

Exhibit B

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 18,722,558	\$ 212,996	\$ 3,021,454	\$ (15,488,108)
Support services	\$ 9,510,124	\$ 95,988	\$ 1,863,339	\$ (7,550,797)
Non-instructional	\$ 2,223,588	\$ 404,761	\$ 1,698,256	\$ (120,571)
Sixteenth section	\$ 6,460			\$ (6,460)
Interest and other expenses on long-term liabilities	\$ 140,492			\$ (140,492)
Total Governmental Activities	\$ 30,603,222	\$ 713,745	\$ 6,583,049	\$ (23,306,428)
General Revenues				
Taxes				
General purpose levies				\$ 5,169,328
Debt purpose levies				\$ 63
Unrestricted grants and contributions				
State				\$ 19,739,656
Federal				\$ 128,953
Unrestricted investment earnings				\$ 183,218
Sixteenth section sources				\$ 486,702
Total General Revenues				\$ 25,707,920
Changes in Net Assets				
\$ 2,401,492				
Net Assets - Beginning				
\$ 25,097,861				
Prior Period Adjustments (Note 10)				
\$ (8,571)				
Net Assets - Beginning - Restated				
\$ 25,089,290				
Net Assets - Ending				
\$ 27,490,782				

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

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

	Major Funds						Total Governmental Funds
	General Fund	Title I Basic Fund	IDEA Part B Fund	16th Section Interest Fund	Magee Upper Construction Fund	16th Section Principal Fund	
Assets							
Cash and cash equivalents (Note 2)	\$ 2,086,690			\$ 2,000,138	\$ 4,084,869	\$ 1,659,009	\$ 10,903,273
Investments (Note 2)							\$ 390,053
Due from other governments	\$ 482,737	\$ 642,877	\$ 555,924				\$ 2,159,210
Other receivables, net	\$ 2,461						\$ 2,461
Due from other funds (Note 3)	\$ 1,268,414	\$ 2,588	\$ 1,215		\$ 275,977		\$ 1,552,520
Advances to other funds (Note 3)						\$ 187,310	\$ 187,310
Inventories							\$ 61,392
Total Assets	\$ 3,840,302	\$ 645,465	\$ 557,139	\$ 2,000,138	\$ 4,360,846	\$ 1,846,319	\$ 15,256,219
Liabilities and Fund Balances							
Liabilities							
Accounts payable & accrued liabilities	\$ 1,525,689	\$ 95,855	\$ 48,511	\$ 33,731	\$ 78,223		\$ 1,990,565
Due to other funds (Note 3)	\$ 3,016	\$ 549,610	\$ 508,628	\$ 265,403		\$ 63,894	\$ 1,544,291
Advances from other funds (Note 3)	\$ 187,310						\$ 187,310
Other payables	\$ 11,021						\$ 11,021
Total Liabilities	\$ 1,727,036	\$ 645,465	\$ 557,139	\$ 299,134	\$ 78,223	\$ 63,894	\$ 3,733,187
Fund Balances							
Reserved for							
Debt service purposes							\$ 729,595
Permanent fund purposes						\$ 1,595,115	\$ 1,599,729
Unemployment benefits							\$ 94,899
Forestry improvements							\$ 26,362
Advances						\$ 187,310	\$ 187,310
Inventory							\$ 61,391
Contractual commitments					\$ 4,111,243		\$ 4,111,243
Unreserved							
Designated, reported in							
Capital projects funds					\$ 171,380		\$ 171,380
Undesignated, reported in							
General fund	\$ 2,113,266			\$ 1,701,004			\$ 2,113,266
Special revenue funds							\$ 726,853
Total Fund Balances	\$ 2,113,266	\$ -	\$ -	\$ 1,701,004	\$ 4,282,623	\$ 1,782,425	\$ 11,523,032
Total Liabilities and Fund Balances	\$ 3,840,302	\$ 645,465	\$ 557,139	\$ 2,000,138	\$ 4,360,846	\$ 1,846,319	\$ 15,256,219

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

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

Exhibit C-1

	<u>Amount</u>
Total fund balance - governmental funds	\$ 11,523,032
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets are used in governmental activities and are not financial resources, therefore the assets are not reported in the governmental funds, net of accumulated depreciation of \$10,091,428.	\$ 19,388,003
Long-term liabilities are not due and payable in the current period, therefore the long-term liabilities are not reported in the governmental funds.	\$ (3,367,933)
Accrued interest payable on long-term liabilities is not due and payable in the current period, therefore it is not reported in the governmental funds.	<u>\$ (52,320)</u>
Total net assets - governmental activities	<u><u>\$ 27,490,782</u></u>

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

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

Exhibit D

	Major Funds					Total Governmental Funds	
	General Fund	Title I Basic Fund	IDEA Part B Fund	16th Section Interest Fund	Magee Upper Construction Fund		16th Section Principal Fund
Revenues							
Local sources	\$ 5,636,230					\$ 430,121	\$ 6,066,351
State sources	\$ 19,739,656					\$ 1,442,423	\$ 21,182,079
Federal sources	\$ 128,953	\$ 1,875,063	\$ 1,179,961			\$ 2,085,605	\$ 5,269,582
Sixteenth section sources				\$ 253,358	\$ 177,154	\$ 56,190	\$ 486,702
Total Revenues	\$ 25,504,839	\$ 1,875,063	\$ 1,179,961	\$ 253,358	\$ -	\$ 4,014,339	\$ 33,004,714
Expenditures							
Instruction	\$ 14,495,916	\$ 1,156,920	\$ 703,681			\$ 1,918,800	\$ 18,275,317
Support services	\$ 8,079,655	\$ 644,023	\$ 466,280			\$ 301,932	\$ 9,491,890
Noninstructional services		\$ 54,120				\$ 2,121,582	\$ 2,175,702
Sixteenth section						\$ 6,460	\$ 6,460
Facilities acquisition and construction					\$ 306,922		\$ 306,922
Debt service							
Principal (Note 6)						\$ 505,000	\$ 505,000
Interest						\$ 147,725	\$ 147,725
Other	\$ 776					\$ 661	\$ 1,437
Total Expenditures	\$ 22,576,347	\$ 1,855,063	\$ 1,169,961	\$ -	\$ 306,922	\$ 5,002,160	\$ 30,910,453
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,928,492	\$ 20,000	\$ 10,000	\$ 253,358	\$ (306,922)	\$ 177,154	\$ 2,094,261
Other Financing Sources (Uses)							
Operating transfers in (Note 3)	\$ 193,222				\$ 2,140,486	\$ 1,031,025	\$ 3,364,733
Operating transfers out (Note 3)	\$ (2,831,025)	\$ (20,000)	\$ (10,000)	\$ (265,000)		\$ (174,814)	\$ (3,364,733)
Total Other Financing Sources (Uses)	\$ (2,637,803)	\$ (20,000)	\$ (10,000)	\$ (265,000)	\$ 2,140,486	\$ (63,894)	\$ -
Net Change in Fund Balances	\$ 290,689	\$ -	\$ -	\$ (11,642)	\$ 1,833,564	\$ (131,610)	\$ 2,094,261
Fund Balances							
July 1, 2007	\$ 1,822,577	\$ -	\$ -	\$ 1,712,646	\$ 2,449,059	\$ 1,777,061	\$ 9,430,508
Decrease in reserve for inventory						\$ (1,737)	\$ (1,737)
June 30, 2008	\$ 2,113,266	\$ -	\$ -	\$ 1,701,004	\$ 4,282,623	\$ 1,643,714	\$ 11,523,032

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

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

Exhibit D-1

	<u>Amount</u>
Net change in fund balance - governmental funds	\$ 2,094,261
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital assets as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$689,551 and the depreciation expense amounted to \$747,962.	\$ (58,411)
Payment on the principle on long-term liabilities is reported as expenditures in the governmental funds, but the payment reduces long-term liabilities in the statement of activities.	\$ 505,000
Expenses associated with changes in the compensated absences liability is reported in the statement of activities, but is not reported in the governmental funds.	\$ (146,291)
Accrued interest payable is reported in the statement of activities, but is not reported in the governmental funds.	\$ 8,670
The governmental funds reported a decrease in reserve for inventory while the transaction is not reported in the statement of activities.	<u>\$ (1,737)</u>
Changes in net assets of governmental activities	<u><u>\$ 2,401,492</u></u>

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

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

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents (Note 2)	\$ 119,498
Due from other funds (Note 3)	\$ 14,391
Due from other governments	\$ 5,669
Total Assets	<u>\$ 139,558</u>
Liabilities	
Due to other funds (Note 3)	\$ 22,620
Due to student clubs	\$ 106,909
Total Liabilities	<u>\$ 129,529</u>

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

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Simpson County School District
Notes to Financial Statements
For the Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies.

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

A. Financial Reporting Entity.

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

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

B. Basis of Presentation.

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements:

Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though

Simpson County School District
Notes to Financial Statements
For the Year Ended June 30, 2008

the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The school district reports the following major governmental funds:

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

Title I Basic Fund – This special revenue fund is financed with federal funds and is used to account for expenditures associated with educationally deprived children.

IDEA Part B Fund – This special revenue fund is financed with federal funds and is used to account for expenditures associated with children with disabilities.

16th Section Interest Fund – This fund is used to account for the expendable financial resources generated from the use of sixteenth section trust lands. Available funds may be transferred to the General Fund or Construction Funds and may be used for appropriate purposes.

Magee Upper Construction Fund – This fund is used to account for capital expenditures which are financed by transfers from the General Fund.

16th Section Principal Fund – This fund is used to account for the sale of non-renewable resources (oil, gas, gravel, sand, etc.) on sixteenth section lands. The use of the fund is limited to providing advances to the General Fund or Capital Projects Fund to finance capital expenditures. State law requires any funds on hand to be invested. Interest income may be transferred to the General Fund.

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

The District’s fiduciary funds include the following:

Payroll Clearing Fund – This fund is used as a clearing account for payroll and payroll related transactions.

Accounts Payable Clearing – This fund is used as a clearing account for non-payroll transactions.

Student Club Accounts – These funds are used to account for the transaction of student clubs.

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.

Simpson County School District
Notes to Financial Statements
For the Year Ended June 30, 2008

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 and the accrual basis of accounting as are the Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

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

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

Simpson County School District
Notes to Financial Statements
For the Year Ended June 30, 2008

D. Account Classifications.

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

E. Encumbrances.

An encumbrance system is maintained to account for commitments resulting from purchase orders, work orders, and contracts during the fiscal year. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported as reservations of fund balances since they do not constitute expenditures or liabilities.

F. Assets, liabilities, and net assets or equity.

1. Cash, Cash Equivalents and Investments.

Cash and Cash Equivalents.

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

Investments.

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

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

Investments for the district are reported at fair market value.

2. Receivables and Payables.

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

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

3. Due from Other Governments.

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

Simpson County School District
Notes to Financial Statements
For the Year Ended June 30, 2008

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.

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

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

7. Compensated Absences.

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

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

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

9. Fund Equity.

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

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

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

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

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

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

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

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

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

Reserved for contractual commitments – An account that represents that portion of the fund balance which is legally restricted by approved construction / renovation contracts and is not available for spending for any other purpose than that for which it is restricted.

Simpson County School District
Notes to Financial Statements
For the Year Ended June 30, 2008

Unreserved - designated for, reported in capital projects funds -- An account that represents a portion of the unreserved fund balance that the school board has specifically obligated for future repairs, renovations, and construction projects of district buildings and facilities.

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

(2) Cash and Cash Equivalents and Investments.

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

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

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

Cash and Cash Equivalents.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$10,903,273 and \$119,498, respectively. The bank balance was \$12,271,891.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district.

Investments.

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

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Rating</u>
Money Market	Less the 1 year	\$ 390,053	AAAm

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

Simpson County School District
Notes to Financial Statements
For the Year Ended June 30, 2008

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

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

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments.

(3) Interfund Receivables, Payables and Transfers.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds.

Receivable Fund	Payable Fund	Amount
General Fund	Major fund – Title I Basic Fund	\$ 548,032
	Major fund – IDEA Part B Fund	\$ 507,880
	Major fund – 16 th Section	
	Principal Fund	\$ 63,894
	Other governmental funds	\$ 133,714
	Fiduciary funds	\$ 14,894
Major fund – Title I Basic Fund	Fiduciary funds	\$ 2,588
Major fund – IDEA Part B Fund	Fiduciary funds	\$ 1,215
Major fund – Magee Upper	Major fund – 16 th Section	
Construction Fund	Interest Fund	\$ 265,000
	Other governmental funds	\$ 10,977
Other governmental funds	Major fund – 16 th Section	
	Interest Fund	\$ 403
	Fiduciary funds	\$ 3,923
Fiduciary funds	General Fund	\$ 3,016
	Major fund – Title I Basic Fund	\$ 1,578
	Major fund – IDEA Part B Fund	\$ 748
	Other governmental funds	\$ 9,049
Total		<u>\$ 1,566,911</u>

The purpose of the more significant interfund loans was to eliminate deficit cash balances in certain federal programs as part of the normal year end closing adjustments.

B. Advances To/From Other Funds.

Receivable Fund	Payable Fund	Amount
Major fund – 16 th Section		
Principal Fund	General Fund	\$ 187,310
Total		<u>\$ 187,310</u>

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

Simpson County School District
Notes to Financial Statements
For the Year Ended June 30, 2008

Sixteenth section principal loans payable.

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

Year Ending June 30	Principal	Interest	Total
2009	\$ 46,828	\$ 7,492	\$ 54,320
2010	\$ 46,828	\$ 5,619	\$ 52,447
2011	\$ 46,828	\$ 3,746	\$ 50,574
2012	\$ 46,826	\$ 1,873	\$ 48,699
Total	\$ 187,310	\$ 18,730	\$ 206,040

C. Interfund Transfers.

Transfer Out	Transfer In	Amount
General Fund	Major fund – Magee Upper Construction Fund	\$ 1,800,000
	Other governmental funds	\$ 1,031,025
Major fund – Title I Basic Fund	General Fund	\$ 20,000
Major fund – IDEA Part B Fund	General Fund	\$ 10,000
Major fund – 16 th Section Interest Fund	Major fund – Magee Upper Construction Fund	\$ 265,000
Major fund – 16 th Section Principal Fund	General Fund	\$ 63,894
Other governmental funds	General Fund	\$ 99,328
	Major fund – Magee Upper Construction Fund	\$ 75,486
Total		\$ 3,364,733

The transfer out of the General Fund was for the purpose of funding the vocational program and extended school year program in the Other Governmental Funds and the construction at Magee High School. The transfer out of the Title I and IDEA funds was for indirect cost.

(4) Restricted Assets.

The restricted assets represent the cash balance of \$1,669,602 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 investment balance of totaling \$390,053 of the MAEP Limited Obligation Bond Fund (Debt Service Fund).

(5) Capital Assets.

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

	Balance 7-1-2007	Additions	Retirements	Adjustments	Balance 6-30-2008
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 159,514				\$ 159,514
Construction in progress	\$ 0	\$ 315,494		\$ (8,571)	\$ 306,923
Total non-depreciable capital assets	\$ 159,514	\$ 315,494	\$ 0	\$ (8,571)	\$ 466,437
<u>Depreciable capital assets:</u>					
Buildings	\$ 22,244,939				\$ 23,244,939

Simpson County School District
Notes to Financial Statements
For the Year Ended June 30, 2008

	Balance 7-1-2007	Additions	Retirements	Adjustments	Balance 6-30-2008
Governmental Activities:					
Improvements other than buildings	\$ 102,791				\$ 102,791
Mobile equipment	\$ 3,708,615	\$ 287,284			\$ 3,995,899
Furniture and equipment	\$ 1,582,592	\$ 86,773			\$ 1,669,365
Total depreciable capital assets	\$ 28,638,937	\$ 374,057	\$ 0	\$ 0	\$ 29,012,994
Less accumulated depreciation for:					
Buildings	\$ 5,648,995	\$ 415,402			\$ 6,064,397
Improvements other than buildings	\$ 82,232				\$ 82,232
Mobile equipment	\$ 2,338,491	\$ 231,760			\$ 2,570,251
Furniture and equipment	\$ 1,273,748	\$ 100,800			\$ 1,374,548
Total depreciation	\$ 9,343,466	\$ 747,962	\$ 0	\$ 0	\$ 10,091,428
Total depreciable capital assets, net	\$ 19,295,471	\$ (373,905)	\$ 0	\$ 0	\$ 18,921,566
Governmental activities capital assets, net	\$ 19,454,985	\$ (58,411)	\$ 0	\$ (8,571)	\$ 19,388,003

See Note 10 for explanation of adjustments to capital assets.

Depreciation expense was charged to the following governmental functions:

Governmental activities:	Amount
Instruction	\$ 438,925
Support services	262,888
Non-instructional	46,149
Total Depreciation Expense	\$ 747,962

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

Governmental Activities	Spent to June 30, 2008	Remaining Commitment
Magee High School	\$ 306,923	\$ 4,111,243

Construction projects included in governmental activities are funded with local resources.

(6) Long-term Liabilities.

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

	Balance 7-1-2007	Additions	Reductions	Balance 6-30-2008	Amounts due within one year
A. Limited obligation bonds payable	\$ 3,415,000	\$	\$ 505,000	\$ 2,910,000	\$ 530,000
B. Compensated absences payable	\$ 311,642	\$ 146,291	\$	\$ 457,933	\$ 22,897
Total	\$ 3,726,642	\$ 146,291	\$ 505,000	\$ 3,367,933	\$ 552,897

The district has pledged state appropriations for Mississippi Adequate Education Program in the amount of \$667,126. The purpose of the pledge is to repay limited obligation bonds of the district. The pledge will remain

Simpson County School District
Notes to Financial Statements
For the Year Ended June 30, 2008

in effect through 2018. The amount of the pledge is the total amounts of funds available to the district for this particular purpose. During the year, the pledged revenues represent 100% of the principal and interest requirements for the debt.

A. Limited obligation bonds payable.

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

Limited obligation bonds currently outstanding are as follows:

Description	Interest Rate(s)	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement bonds	4.38 – 6.25	6-15-98	8-12-12	\$ 6,520,000	\$ 2,910,000

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

Year Ending June 30	Principal	Interest	Total
2009	\$ 530,000	\$ 115,719	\$ 645,719
2010	\$ 555,000	\$ 91,984	\$ 646,984
2011	\$ 580,000	\$ 67,156	\$ 647,156
2012	\$ 610,000	\$ 41,125	\$ 651,125
2013	\$ 635,000	\$ 13,891	\$ 648,891
Total	\$ 2,910,000	\$ 329,875	\$ 3,239,875

This debt will be retired from the MAEP Bond Debt Service Fund.

B. Compensated absences payable.

As more fully explained in Note 1(F)(7), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid.]

(7) Other Commitments.

Commitments under construction contracts are described in Note 5.

(8) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2008 was 11.85% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2008, 2007 and 2006 were \$1,998,323, \$1,833,755 and \$1,602,123, respectively, which equaled the required contributions for each year.

Simpson County School District
Notes to Financial Statements
For the Year Ended June 30, 2008

(9) Sixteenth Section Lands.

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

Year Ending June 30	Amount
2009	\$ 106,778
2010	103,398
2011	86,688
2012	77,896
2013	69,349
2014 – 2018	128,227
2019 – 2023	60,889
2024 – 2028	55,380
2029 – 2033	54,985
Thereafter	126,532
Total	<u>\$ 870,122</u>

(10) Prior Period Adjustments/Exhibits.

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
Correction of prior assets capitalized in error.	<u>\$ (8,571)</u>

(11) Subsequent Events.

With the approval of state authorities, on May 14, 2009 the school board approved the sale of 99.6 acres of 16th section lands for \$2,000,000. The proceeds of the sale were placed in the in the non-expendable trust fund.

(12) Risk Management.

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

Participation in Public Entity Risk Pool.

The school district is a member of the Mississippi Municipal Workers' Compensation Group (MMWCG). The group is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. MMWCG covers risks of loss arising from injuries to the school district's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of the MMWCG contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any claim up to \$500,000. For a claim exceeding \$500,000, MMWCG has insurance which will pay the excess up to the statutory amount required by the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the

Simpson County School District
Notes to Financial Statements
For the Year Ended June 30, 2008

pool members would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

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REQUIRED SUPPLEMENTARY INFORMATION

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Simpson County School District
 Budgetary Comparison Schedule for the 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	\$ 5,519,375	\$ -	\$ 5,636,230	\$ (5,519,375)	\$ 5,636,230
State sources	\$ 19,475,438	\$ -	\$ 19,739,656	\$ (19,475,438)	\$ 19,739,656
Federal sources	\$ 175,000	\$ -	\$ 128,953	\$ (175,000)	\$ 128,953
Sixteenth section sources			\$ -	\$ -	\$ -
Total Revenues	\$ 25,169,813	\$ -	\$ 25,504,839	\$ (25,169,813)	\$ 25,504,839
Expenditures					
Instruction	\$ 14,449,470	\$ -	\$ 14,495,916	\$ 14,449,470	\$ (14,495,916)
Support services	\$ 9,435,944	\$ -	\$ 8,079,655	\$ 9,435,944	\$ (8,079,655)
Debt service					
Principal	\$ 778	\$ -	\$ -	\$ 778	\$ -
Other			\$ 776	\$ -	\$ (776)
Total Expenditures	\$ 23,886,192	\$ -	\$ 22,576,347	\$ 23,886,192	\$ (22,576,347)
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,283,621	\$ -	\$ 2,928,492	\$ (1,283,621)	\$ 2,928,492
Other Financing Sources (Uses)					
Operating transfers in	\$ 2,578,841	\$ -	\$ 193,222	\$ (2,578,841)	\$ 193,222
Operating transfers out	\$ (3,841,963)	\$ -	\$ (2,831,025)	\$ 3,841,963	\$ (2,831,025)
Total Other Financing Sources (Uses)	\$ (1,263,122)	\$ -	\$ (2,637,803)	\$ 1,263,122	\$ (2,637,803)
Net Change in Fund Balances	\$ 20,499	\$ -	\$ 290,689	\$ (20,499)	\$ 290,689
Fund Balances					
July 1, 2007	\$ 1,974,000	\$ -	\$ 1,822,577	\$ (1,974,000)	\$ 1,822,577
June 30, 2008	\$ 1,994,499	\$ -	\$ 2,113,266	\$ (1,994,499)	\$ 2,113,266

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

Simpson County School District
 Budgetary Comparison Schedule for the Major Special Revenue Fund - Title I Basic Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Federal sources	\$ 1,923,527	\$ -	\$ 1,875,063	\$ (1,923,527)	\$ 1,875,063
Total Revenues	<u>\$ 1,923,527</u>	<u>\$ -</u>	<u>\$ 1,875,063</u>	<u>\$ (1,923,527)</u>	<u>\$ 1,875,063</u>
Expenditures					
Instruction	\$ 1,166,489	\$ -	\$ 1,156,920	\$ 1,166,489	\$ (1,156,920)
Support services	\$ 676,067	\$ -	\$ 644,023	\$ 676,067	\$ (644,023)
Noninstructional services	\$ 65,971	\$ -	\$ 54,120	\$ 65,971	\$ (54,120)
Total Expenditures	<u>\$ 1,908,527</u>	<u>\$ -</u>	<u>\$ 1,855,063</u>	<u>\$ 1,908,527</u>	<u>\$ (1,855,063)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ (15,000)</u>	<u>\$ 20,000</u>
Other Financing Sources (Uses)					
Operating transfers out	\$ (15,000)	\$ -	\$ (20,000)	\$ 15,000	\$ (20,000)
Total Other Financing Sources (Uses)	<u>\$ (15,000)</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ 15,000</u>	<u>\$ (20,000)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances					
July 1, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Simpson County School District
 Budgetary Comparison Schedule for the Major Special Revenue Fund - IDEA Part B Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
	Revenues				
Federal sources	\$ 1,499,234	\$ -	\$ 1,179,961	\$ (1,499,234)	\$ 1,179,961
Total Revenues	<u>\$ 1,499,234</u>	<u>\$ -</u>	<u>\$ 1,179,961</u>	<u>\$ (1,499,234)</u>	<u>\$ 1,179,961</u>
Expenditures					
Instruction	\$ 1,080,882	\$ -	\$ 703,681	\$ 1,080,882	\$ (703,681)
Support services	\$ 400,717	\$ -	\$ 466,280	\$ 400,717	\$ (466,280)
Total Expenditures	<u>\$ 1,481,599</u>	<u>\$ -</u>	<u>\$ 1,169,961</u>	<u>\$ 1,481,599</u>	<u>\$ (1,169,961)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 17,635</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ (17,635)</u>	<u>\$ 10,000</u>
Other Financing Sources (Uses)					
Operating transfers out	\$ (17,635)	\$ -	\$ (10,000)	\$ 17,635	\$ (10,000)
Total Other Financing Sources (Uses)	<u>\$ (17,635)</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ 17,635</u>	<u>\$ (10,000)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances					
July 1, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Simpson County School District
 Budgetary Comparison Schedule for the Major Special Revenue Fund - 16th Section Interest Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Sixteenth section sources	\$ 805,000	\$ -	\$ 253,358	\$ (805,000)	\$ 253,358
Total Revenues	<u>\$ 805,000</u>	<u>\$ -</u>	<u>\$ 253,358</u>	<u>\$ (805,000)</u>	<u>\$ 253,358</u>
Expenditures					
Sixteenth section			\$ -	\$ -	\$ -
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 805,000</u>	<u>\$ -</u>	<u>\$ 253,358</u>	<u>\$ (805,000)</u>	<u>\$ 253,358</u>
Other Financing Sources (Uses)					
Operating transfers in	\$ 21,750	\$ -	\$ -	\$ (21,750)	\$ -
Operating transfers out	\$ (500,000)	\$ -	\$ (265,000)	\$ 500,000	\$ (265,000)
Total Other Financing Sources (Uses)	<u>\$ (478,250)</u>	<u>\$ -</u>	<u>\$ (265,000)</u>	<u>\$ 478,250</u>	<u>\$ (265,000)</u>
Net Change in Fund Balances	<u>\$ 326,750</u>	<u>\$ -</u>	<u>\$ (11,642)</u>	<u>\$ (326,750)</u>	<u>\$ (11,642)</u>
Fund Balances					
July 1, 2007	<u>\$ 1,400,000</u>	<u>\$ -</u>	<u>\$ 1,712,646</u>	<u>\$ (1,400,000)</u>	<u>\$ 1,712,646</u>
June 30, 2008	<u>\$ 1,726,750</u>	<u>\$ -</u>	<u>\$ 1,701,004</u>	<u>\$ (1,726,750)</u>	<u>\$ 1,701,004</u>

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

Simpson County School District
Notes to the Required Supplemental Information
For the Year Ended June 30, 2008

(1) Basis of Presentation.

The Budgetary Comparison Schedules present the original 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 following the end of the fiscal year. The school board failed to amend the budget by the required deadline. A budgetary comparison is presented for the general fund and each major special revenue fund on the same basis of accounting as the budget which is consistent with accounting principles generally accepted in the United States.

(3) Individual Fund Disclosures.

Excess Expenditures over Budget.

Individual funds that have an excess of expenditures over budget, including amounts of the excess, are as follows:

Individual Fund	Amount
Special education fund	\$ 10,926
School food service fund	\$ 176,826
Title I coop fund	\$ 12,966
Title V innovative fund	\$ 1,054
Educational tech fund	\$ 11,394
EHA part B 07 fund	\$ 8,672
State assessment fund	\$ 23,359
McKenny homeless fund	\$ 1,115
Arts commission fund	\$ 500
Learn and serve fund	\$ 708
Learn and serve 07 fund	\$ 5,212
Magee high gym fund	\$ 3,395
16 th section principal shared fund	\$ 195

At year end, there were available resources for each of the funds listed, thus the expenditures in excess of budgeted amounts is not a violation of state law.

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SUPPLEMENTARY INFORMATION

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Simpson 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 No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 499,559
National school lunch program	10.555	\$ 1,803,219
Total child nutrition cluster		\$ 2,302,778
Total U.S. Department of Agriculture		\$ 2,302,778
 <u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The school and libraries program of the universal service fund	32.XXX	\$ 5,303
Total Federal Communications Commission		\$ 5,303
 <u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	\$ 1,888,030
Safe and drug-free schools and communities - state grants	84.186	\$ 15,399
State grants for innovative programs	84.298	\$ 7,469
Education technology - state grants	84.318	\$ 11,395
Improving teacher quality – state grants	84.367	\$ 220,974
Grants for state assessments and related activities	84.369	\$ 23,359
Total		\$ 2,166,626
Special education cluster:		
Special education - grants to states	84.027	\$ 1,229,087
Special education - preschool grants	84.173	\$ 62,098
Total		\$ 1,291,185
Total passed-through Mississippi Department of Education		\$ 3,457,811
Total U.S. Department of Education		\$ 3,457,811
 <u>U.S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Education:		
Medical assistance program	93.778	\$ 123,650
Total U.S. Department of Health and Human Services		\$ 123,620
 <u>Corporation for National and Community Service</u>		
Passed-through the Mississippi Department of Education:		
Learn and serve America - school and community based programs	94.004	\$ 5,213
Total Corporation for National and Community Service		\$ 5,213
Total for All Federal Awards		\$ 5,894,755

Simpson County School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

NOTES TO SCHEDULE

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

Simpson 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 Administrative</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 23,186,325	\$ 17,656,477	\$ 982,881	\$ 1,849,125	\$ 2,697,842
Other	\$ 7,724,128	\$ 2,747,124	\$ 418,665	\$ 109,378	\$ 4,448,961
Total	<u>\$ 30,910,453</u>	<u>\$ 20,403,601</u>	<u>\$ 1,401,546</u>	<u>\$ 1,958,503</u>	<u>\$ 7,146,803</u>
Total number of students	<u>4,288</u>				
Cost per student	<u>\$ 7,209</u>	<u>\$ 4,758</u>	<u>\$ 327</u>	<u>\$ 457</u>	<u>\$ 1,667</u>

Notes to the schedule.

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.

General Administration - includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.

School Administration - includes expenditures for the following function: Support Services - School Administration.

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

Total number of students - the ADA report submission for month 9, which is the final submission for the school year.

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OTHER SUPPLEMENTAL INFORMATION

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Simpson 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	\$ 5,636,230	\$ 5,791,588	\$ 5,574,355	\$ 5,002,253
State sources	\$ 19,739,656	\$ 18,170,398	\$ 17,226,479	\$ 16,543,053
Federal sources	\$ 128,953	\$ 147,649	\$ 241,134	\$ 418,983
Total Revenues	<u>\$ 25,504,839</u>	<u>\$ 24,109,635</u>	<u>\$ 23,041,968</u>	<u>\$ 21,964,289</u>
Expenditures				
Instruction	\$ 14,495,916	\$ 13,779,559	\$ 12,891,765	\$ 12,049,926
Support services	\$ 8,079,655	\$ 8,107,136	\$ 8,665,165	\$ 7,731,937
Noninstructional services	\$ -	\$ -	\$ 18	\$ -
Facilities acquisition and construction	\$ -	\$ -	\$ 3,996	\$ -
Debt service				
Interest	\$ -	\$ 2,095	\$ 3,212	\$ 19,271
Other	\$ 776	\$ -	\$ -	\$ -
Total Expenditures	<u>\$ 22,576,347</u>	<u>\$ 21,888,790</u>	<u>\$ 21,564,156</u>	<u>\$ 19,801,134</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,928,492</u>	<u>\$ 2,220,845</u>	<u>\$ 1,477,812</u>	<u>\$ 2,163,155</u>
Other Financing Sources (Uses)				
Insurances loss recoveries	\$ -	\$ 468,275	\$ 600,000	\$ -
Sale of transportation equipment	\$ -	\$ -	\$ -	\$ 14,432
Sale of other property	\$ -	\$ -	\$ 2,752	\$ 4,093
Operating transfers in	\$ 193,222	\$ 230,732	\$ 206,617	\$ 2,448,582
Operating transfers out	\$ (2,831,025)	\$ (2,928,160)	\$ (2,214,620)	\$ (4,870,383)
Total Other Financing Sources (Uses)	<u>\$ (2,637,803)</u>	<u>\$ (2,229,153)</u>	<u>\$ (1,405,251)</u>	<u>\$ (2,403,276)</u>
Net Change in Fund Balances	<u>\$ 290,689</u>	<u>\$ (8,308)</u>	<u>\$ 72,561</u>	<u>\$ (240,121)</u>
Fund Balances				
July 1	<u>\$ 1,822,577</u>	<u>\$ 1,830,885</u>	<u>\$ 1,758,325</u>	<u>\$ 1,998,446</u>
June 30	<u>\$ 2,113,266</u>	<u>\$ 1,822,577</u>	<u>\$ 1,830,886</u>	<u>\$ 1,758,325</u>

* Source - Prior year audit reports.

Simpson County School District
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years

UNAUDITED

	2008	2007*	2006*	2005*
Revenues				
Local sources	\$ 6,066,351	\$ 6,295,286	\$ 5,938,088	\$ 5,459,359
State sources	\$ 21,182,079	\$ 19,638,287	\$ 18,617,135	\$ 17,977,580
Federal sources	\$ 5,269,582	\$ 5,028,707	\$ 5,240,892	\$ 5,314,761
Sixteenth section sources	\$ 486,702	\$ 535,321	\$ 492,215	\$ 958,442
Total Revenues	\$ 33,004,714	\$ 31,497,601	\$ 30,288,330	\$ 29,710,142
Expenditures				
Instruction	\$ 18,275,317	\$ 17,420,648	\$ 16,482,210	\$ 15,969,846
Support services	\$ 9,491,890	\$ 9,695,943	\$ 10,896,837	\$ 9,314,811
Noninstructional services	\$ 2,175,702	\$ 2,007,157	\$ 1,868,611	\$ 1,879,078
Sixteenth section	\$ 6,460	\$ 53,303	\$ 32,372	\$ 168,720
Facilities acquisition and construction	\$ 306,922	\$ 579,007	\$ 2,455,845	\$ 1,844,207
Debt service				
Principal	\$ 505,000	\$ 480,000	\$ 460,000	\$ 440,000
Interest	\$ 147,725	\$ 173,241	\$ 196,793	\$ 219,702
Other	\$ 1,437	\$ 707	\$ 792	\$ 832
Total Expenditures	\$ 30,910,453	\$ 30,410,006	\$ 32,393,460	\$ 29,837,196
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,094,261	\$ 1,087,595	\$ (2,105,130)	\$ (127,054)
Other Financing Sources (Uses)				
Insurances loss recoveries	\$ -	\$ 468,275	\$ 600,000	\$ -
Salc of transportation equipment	\$ -	\$ -	\$ -	\$ 14,432
Sale of other property	\$ -	\$ -	\$ 2,752	\$ 4,093
Operating transfers in	\$ 3,364,733	\$ 3,332,951	\$ 2,636,237	\$ 7,547,345
Operating transfers out	\$ (3,364,733)	\$ (3,332,951)	\$ (2,636,237)	\$ (7,547,345)
Total Other Financing Sources (Uses)	\$ -	\$ 468,275	\$ 602,752	\$ 18,525
Net Change in Fund Balances	\$ 2,094,261	\$ 1,555,870	\$ (1,502,378)	\$ (108,529)
Fund Balances				
July 1	\$ 9,430,508	\$ 7,874,267	\$ 9,380,432	\$ 9,561,303
Prior period adjustments	\$ -	\$ -	\$ (7,147)	\$ (64,214)
July 1, as restated	\$ 9,430,508	\$ 7,874,267	\$ 9,373,285	\$ 9,497,089
Increase (Decrease) in reserve for inventory	\$ (1,737)	\$ 371	\$ 3,361	\$ (8,128)
June 30	\$ 11,523,032	\$ 9,430,508	\$ 7,874,268	\$ 9,380,432

* Source - Prior year audit reports.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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CHARLES L. SHIVERS

Certified Public Accountant

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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
Simpson County School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Simpson County School District as of and for the year ended June 30, 2008, which collectively comprise the district's basic financial statements and have issued my report thereon dated August 6, 2009. I conducted my 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 my audit, I considered the school district's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my 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, I do not express an opinion on the effectiveness of the school district's internal control over financial reporting.

My 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, I identified certain deficiencies in internal control over financial reporting that I 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 school district'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 school district's financial statements that is more than inconsequential will not be prevented or detected by the school district's internal control. I consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting. See Finding 2008-01, 2008-02, 2008-03, 2008-04, 2008-05, 2008-06 and 2008-07.

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.

My 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 internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, I noted immaterial noncompliance or other matters that I have reported to management in a separate letter dated August 6, 2009, which is included in this report.

The school district's responses to the findings identified in my audit are described in the accompanying Auditee's Correction Action Plan. I did not audit the school district's responses and, accordingly, I express no opinion on them.

This report is intended solely for the information and use of the district's 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.



Ridgeland, MS
August 6, 2009

CHARLES L. SHIVERS

Certified Public Accountant

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

Superintendent and School Board
Simpson County School District

Compliance

I have audited the compliance of the Simpson 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 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. My responsibility is to express an opinion on the school district's compliance based on my audit.

I conducted my 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 I 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the school district's compliance with those requirements.

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

Internal Control Over Compliance

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

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

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

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

This report is intended solely for the information and use of the district's 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.



Ridgeland, MS
August 6, 2009

REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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CHARLES L. SHIVERS

Certified Public Accountant

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REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Simpson County School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Simpson County School District as of and for the year ended June 30, 2008, which collectively comprise Simpson County School District's basic financial statements and have issued my report thereon dated August 6, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the Auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds."

The results of my procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. However, providing an opinion on compliance with these requirements was not an objective of my audit and, accordingly, I do not express such an opinion. The district reported \$3,468 of classroom supply funds carried over from previous years.

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

The results of my 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. However, providing an opinion on compliance with these requirements was not an objective of my audit and, accordingly, I do not express such an opinion.

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

The results of procedures performed to test compliance with certain other laws and regulations as required by the state legal compliance audit program prescribed by the Office of the Mississippi State Auditor and my audit of the basic financial statements disclosed the following immaterial instances of noncompliance with state laws and regulations. My findings and recommendations and the district's responses are as follows:

Finding:

Section 37-61-19 requires the board of education to make the final amendments to the budget on or before October 15 after the close of the fiscal year. The final amendment by the board was documented in the minutes on October 21, 2008.

Recommendation:

It is recommended that the board of education amend its budget by the deadline set by state law.

Response:

Simpson County School District concurs with this finding and will comply with the auditor's recommendation.

Finding:

Section 37-61-21(2) requires the school district to file with the Mississippi Department of Education year end financial statements by October 15 after the close of the fiscal year. The district was 3 days late if filing the financial statements.

Recommendation:

It is recommended that the district file the annual financial statements with the Mississippi Department of Education by the October 15 deadline.

Response:

Simpson County School District concurs with this finding and will comply with the auditor's recommendation.

For the remaining items tested for compliance with other state laws and regulations as required by the state legal compliance audit program prescribed by the Office of the Mississippi State Auditor and my audit of the basic financial statements, nothing came to my attention to indicate that the district did not comply with the items tested.

I did not audit the school district's response and, accordingly, I express no opinion on it.

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

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.



Ridgeland, MS
August 6, 2009

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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Simpson County School District
 Schedule of Findings and Questioned Costs
 June 30, 2008

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the basic financial statements: | Unqualified |
| 2. | Material noncompliance relating to the basic financial statements? | No |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiency 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? | No |
| | b. Significant deficiency identified that are not considered to be material weaknesses? | None Reported |
| 6. | Any audit finding(s) reported as required by section ____.510(a) of Circular A-133? | No |
| 7. | Federal program identified as major program: | |
| | a. Title I grants to Local Educational Agencies | |
| | CFDA #: 84.010 | |
| | b. Special Education Cluster | |
| | CFDA #: 84.027 | |
| | CFDA#: 84.173 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____.315(b) of OMB Circular A-133? | No |

Section 2: Financial Statement Findings

Significant deficiencies identified that are not considered to be material weaknesses.

2008-01:

CONDITION: The football school event form selected for testing was not completed by those individuals responsible for selling tickets nor was the form completed by the administrative official responsible for oversight of the ticket sellers.

CRITERIA: A well designed system of accounting controls would have the ticket seller signing off on the reconciled school event form once completed. The administrative official would also sign off once the form is reviewed and approved.

CAUSE OF CONDITION: The cause of the condition is a failure of employees to follow policy and procedures of the school district.

EFFECT OF CONDITION: The effect of this condition could result in unaccounted for ticket sales at school events.

Simpson County School District
Schedule of Findings and Questioned Costs
June 30, 2008

RECOMMENDATION: It is recommended that reconciled school event forms be properly signed by those involved with the process.

2008-02:

CONDITION: A high school bookkeeper performed all duties regarding the receipt of activity funds (receipted the funds, entered data into the accounting system, prepared the deposit slip and made the deposit).

CRITERIA: A well designed system of accounting controls for the receipt of activity funds would be such that no one individual performs all aspects of the transaction from beginning to end.

CAUSE OF CONDITION: The cause of the condition is the result of an inadequately designed system.

EFFECT OF CONDITION: This situation could result in errors occurring in receipt of activity fund transactions (posting ,deposits, etc) and those errors not being prevented or detected.

RECOMMENDATION: It is recommended that the duties of receipting activity funds be segregated to the greatest extent possible such that no one individual performs all aspects of the transaction from beginning to end.

2008-03:

CONDITION: The accounts payable clerk and the payroll clerk process and prepare claims and payroll for payment. The financial accounting software automatically affixes the electronic signature to the checks.

CRITERIA: A well designed system of accounting controls would have someone other than the accounts payable clerk or payroll clerk affixing the electronic signature to the checks.

CAUSE OF CONDITION: The cause is the result of an inadequately designed system.

EFFECT OF CONDITION: This condition could result in the payment of unauthorized claims or payroll.

RECOMMENDATION: It is recommended that the financial accounting software be modified so that someone other than the accounts payable clerk or payroll clerk has rights and access to affixing the electronic signature to the checks.

2008-04:

CONDITION: Blank checks for payroll and claim payable were not properly secured.

CRITERIA: A well designed system of accounting controls would have blank checks stored in secured (locked) locations with access only available to limited personnel.

CAUSE OF CONDITION: The cause is the result of an inadequately designed system.

EFFECT OF CONDITION: This condition could result in unaccounted for checks or stolen checks with the possibility of intentional misuse.

RECOMMENDATION: It is recommended that blank checks be kept in a secure and locked place.

2008-05:

CONDITION: The accountant prepares, approves, enters and reviews all general journal entries.

CRITERIA: Good accounting controls would have these duties segregated to the greatest extent possible.

CAUSE OF CONDITION: The cause of this condition is due to an inadequately designed system of accounting controls.

EFFECT OF CONDITION: This condition could lead to errors in preparing and / or entering general journal entries.

RECOMMENDATION: It is recommended that the business manager become more involved in the development and approval of general journal entries which are entered by the accountant.

2008-06:

CONDITION: The payroll clerk enters all data associated with the processing of payroll, including employee data, transaction coding and direct deposit information.

Simpson County School District
Schedule of Findings and Questioned Costs
June 30, 2008

CRITERIA: A well designed system of accounting controls for payroll would segregate the duties of data entry to the greatest extent possible.

CAUSE OF CONDITION: The cause of this condition is the result of an inadequately designed system.

EFFECT OF CONDITION: This condition could result in errors in processing payroll or the payment of unauthorized payroll.

RECOMMENDATION: It is recommended that the financial accounting software be modified so that rights and access be segregated so that one person enters employee data, someone else enters transaction coding and another person enters direct deposit information.

2008-07:

CONDITION: There was no annual inventory taken for the district's capital assets at the close of the fiscal year.

CRITERIA: A well designed system of accounting controls would include policies and procedures to insure that an annual inventory be taken of capital assets and that the inventory be reconciled to the accounting records.

CAUSE OF CONDITION: The cause of this condition was a failure by the district to perform the annual inventory.

EFFECT OF CONDITION: The effect of this condition could result in differences between actual inventory and recorded inventory remaining unreconciled for an extended period.

RECOMMENDATION: It is recommended that an annual inventory of capital assets be performed and that any differences between inventoried assets and recorded assets be reconciled.

Section 3: Federal Award Findings and Questioned Costs

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

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AUDITEE'S CORRECTIVE ACTION PLAN

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August 6, 2009

As required by Section 315(c) of OMB Circular A-133, the Simpson 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.

Finding

2008-01

Corrective Action Plan

- a. Contact person responsible for corrective action:
Al Gary, Business Manager
(601) 847-1607
- b. Description of corrective action to be taken.
The Business Manager will meet with the administrative staff and event workers prior to the event and explain each individual's responsibility in accounting for gate receipts. A copy of the approved form will be reviewed in detail.
- c. Anticipated completion date of corrective action.
August 28, 2009.

Finding

2008-02

Corrective Action Plan

- a. Contact person responsible for corrective action:
Al Gary, Business Manager
(601) 847-1607
- b. Description of corrective action to be taken.
This situation is the result of cost constraints within the district. In an effort to minimize the chance of error or misappropriation, the principals will review the receipts and deposits.
- c. Anticipated completion date of corrective action.
August 1, 2009.

Finding

2008-03

Corrective Action Plan

- a. Contact person responsible for corrective action: AI
Gary, Business Manager
(601) 847-1607

- b. Description of corrective action to be taken.
Simpson County School District no longer uses software that affixes a signature to checks. Checks are signed with a signature stamp by someone other than the accounts payable or payroll clerk.

- c. Anticipated completion date of corrective action.
August 28, 2009.

Finding

2008-04

Corrective Action Plan

- a. Contact person responsible for corrective action: AI
Gary, Business Manager
(601) 847-1607

- b. Description of corrective action to be taken.
All blank checks are now secured in a locked fire-proof file cabinet within a locked closet facing the accountant's office.

- c. Anticipated completion date of corrective action.
August 28, 2009.

Finding

2008-05

Corrective Action Plan

- a. Contact person responsible for corrective action: AI
Gary, Business Manager
(601) 847-1607

- b. Description of corrective action to be taken.
All journal entries prepared by the accountant will be approved by the business manager and evidenced by his initials.
- c. Anticipated completion date of corrective action.
August 28, 2009.

Finding

2008-06

Corrective Action Plan

- a. Contact person responsible for corrective action: AI
Gary, Business Manager
(601) 847-1607
- b. Description of corrective action to be taken.
Rights will be restricted as to employee bank account transaction information. This function will be performed by the accountant. Prior to payroll being completed, the accountant and business manager will review the edit runs for accuracy and irregularities. The edit run will then be compared with the final posting.
- c. Anticipated completion date of corrective action.
August 28, 2009.

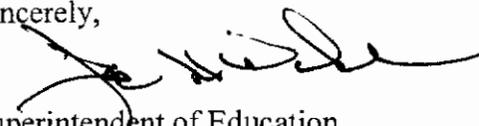
Finding

2008-07

Corrective Action Plan

- a. Contact person responsible for corrective action: AI
Gary, Business Manager
(601) 847-1607
- b. Description of corrective action to be taken.
An annual inventory will be taken.
- c. Anticipated completion date of corrective action.
December 31, 2009.

Sincerely,



Superintendent of Education

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