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CHICKASAW COUNTY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Superintendent and School Board
Chickasaw County School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chickasaw County School District as of and for the year ended June 30, 2011, which collectively comprise the Chickasaw County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Chickasaw County School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 Chickasaw County School District, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

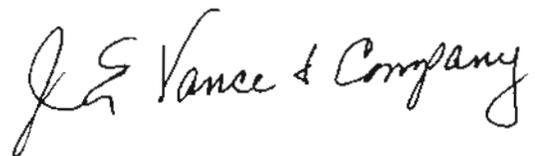
In accordance with Government Auditing Standards, we have also issued our report dated January 6, 2012, on our consideration of the Chickasaw County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance

and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chickasaw County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chickasaw County School District's basic financial statements. The other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



January 6, 2012
Tupelo, Mississippi

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CHICKASAW COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

The discussion and analysis of Chickasaw County School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets for 2011 increased \$772,517, which represents a 25% increase from fiscal year 2010. Total net assets for 2010 increased \$378,352, including a prior period adjustment of \$320, which represents a 14% increase from fiscal year 2009.
- General revenues account for \$3,939,219 and \$3,881,383 in revenue, or 77% and 78% of all revenues for fiscal years 2011 and 2010 respectively. Program-specific revenues in the form of charges for services and grants and contributions accounted for \$1,177,869 or 23% of total revenues for 2011 and \$1,073,534 or 22% of total revenues for 2010.
- The District had \$4,344,571 and \$4,576,885 in expenses for fiscal years 2011 and 2010; only \$1,177,869 for 2011 and \$1,073,534 for 2010 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$3,939,219 for 2011 and \$3,881,383 for 2010 were adequate to provide for these programs.
- Among major funds, the General Fund had \$3,679,718 in revenues and \$2,934,178 in expenditures for 2011 and \$3,680,176 in revenues and \$3,180,209 in expenditures for 2010. The General Fund's fund balance increased \$712,451 from 2010 to 2011 and increased \$412,468, including a prior period adjustment of (\$7,002), from 2009 to 2010.
- Capital assets, net of accumulated depreciation, increased by \$8,684 for 2011 and decreased by \$123,662 for 2010. The increase for 2011 was due to the purchase of two new buses.
- Long-term debt increased by \$283,167 for 2011 and decreased by \$101,185 for 2010. This increase was due to the issuance of Qualified School Construction Bonds in the amount of \$328,000, as well as the refunding of \$576,000 in long-term debt. The liability for compensated absences increased by \$6,099 for 2011 and increased \$1,188 for 2010.

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 supplemental information in addition to the basic financial statements themselves.

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

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

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

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

The government-wide financial statements can be found on pages 18 and 19 of this report.

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

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

financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 21 and 23, respectively.

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

The basic governmental fund financial statements can be found on pages 20 and 22 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The school district's fiduciary assets and liabilities are presented in a separate Statement of Fiduciary Assets and Liabilities on page 24.

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and note proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 – 44 of this report.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules as required supplemental information. 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 as required by the Governmental Accounting Standards Board. This information can be found on pages 45 – 50 of this report.

Supplemental Information

Additionally, a Schedule of Expenditures of Federal Awards as required by OMB Circular A-133 and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found on pages 52-54 of this report.

Other Supplemental Information

Also, included in the other supplemental information section are 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. This information is presented for the purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements. The other supplemental information can be found on pages 55 – 57.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by \$3,849,315 as of June 30, 2011 and by \$3,076,798 as of June 30, 2010.

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

Table 1 presents a summary of the District's net assets at June 30, 2011 and June 30, 2010.

TABLE 1
CONDENSED STATEMENT OF NET ASSETS

	2011	2010	Percentage Change
Current assets	\$ 2,270,431	\$ 1,201,794	88.92%
Capital assets, net	2,826,566	2,817,882	0.31%
Total assets	<u>5,096,997</u>	<u>4,019,676</u>	26.80%
Current liabilities	52,999	31,362	68.99%
Long-term debt, outstanding	1,194,683	911,516	31.07%
Total liabilities	<u>1,247,682</u>	<u>942,878</u>	32.33%
Net assets:			
Invested in capital assets, net of related debt	1,743,566	2,022,882	-13.81%
Restricted	493,457	166,699	196.02%
Unrestricted	1,612,292	887,217	81.72%
Total net assets	<u>\$ 3,849,315</u>	<u>\$ 3,076,798</u>	25.11%

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

- Increase in current assets in the amount of \$1,068,637.
- Increase in net capital assets in the amount of \$8,684.
- The principal retirement of \$71,932 of long-term debt.

Changes in net assets. The District's total revenues for the fiscal years ended June 30, 2011 and June 30, 2010 were \$5,177,088 and \$4,954,917, respectively. The total cost of all programs and services for 2011 was \$4,344,571 and \$4,576,885 for 2010. Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

TABLE 2
CHANGES IN NET ASSETS

	Year Ended <u>June 30, 2011</u>	Year Ended <u>June 30, 2010</u>	Percentage <u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 127,336	\$ 136,083	-6.43%
Operating grants and contributions	1,032,714	921,042	12.12%
Capital grants and contributions	17,819	16,409	8.59%
General revenues			
Property taxes	526,405	504,663	4.31%
Grants and contributions not restricted	3,257,865	3,310,802	-1.60%
Other	154,949	65,918	135.06%
Total revenues	<u>5,117,088</u>	<u>4,954,917</u>	3.27%
Expenses:			
Instruction	2,564,686	2,594,824	-1.16%
Support services	1,358,839	1,527,554	-11.04%
Non-instructional services	385,378	411,359	-6.32%
Interest and other charges related to long-term liabilities	<u>35,668</u>	<u>43,148</u>	-17.34%
Total expenses	<u>4,344,571</u>	<u>4,576,885</u>	-5.08%
Change in net assets	<u>772,517</u>	<u>378,032</u>	104.35%
Net Assets, July 1, as originally reported	3,076,798	2,698,446	
Prior Period Adjustment(s)		320	
Net Assets Restated, July 1	<u>3,076,798</u>	<u>2,698,766</u>	
Net Assets, June 30	<u>\$ 3,849,315</u>	<u>\$ 3,076,798</u>	

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

TABLE 3
FUNCTIONAL EXPENSES

	Total Expenses		Percentage Change
	2011	2010	
Instruction	\$ 2,564,686	\$ 2,594,824	-1.2%
Support services	1,358,839	1,527,554	-11.0%
Non-instructional	385,378	411,359	-6.3%
Interest on long-term debt	35,668	43,148	-17.3%
Total expenses	<u>\$ 4,344,571</u>	<u>\$ 4,576,885</u>	-5.1%

	Net (Expense) Revenue		Percentage Change
	2011	2010	
Instruction	\$ (1,957,378)	\$ (2,195,291)	-10.8%
Support services	(1,175,247)	(1,243,278)	-5.5%
Non-instructional	1,591	(21,634)	-107.4%
Interest on long-term debt	(35,668)	(43,148)	-17.3%
Total net (expenses) revenue	<u>\$ (3,166,702)</u>	<u>\$ (3,503,351)</u>	-9.6%

- Net cost of governmental activities (\$3,166,702 and \$3,503,351), was financed by general revenue, which is made up of primarily property taxes (\$526,405 for 2011 and \$504,663 for 2010) and state and federal revenues (\$3,257,865 for 2011 and \$3,310,802 for 2010).
- Investment earnings accounted for \$38,201 for 2011 and \$24,597 for 2010 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 \$2,224,125, an increase of \$1,039,688, which includes a decrease in inventory of \$2,638. \$1,716,184 or 77% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$507,941 or 23% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it restricted, committed or assigned.

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 \$712,451. The fund balance of Other Governmental Funds showed a increase of \$11,554, including a decrease in reserve for inventory of \$2,638. The increases (decreases) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I-Grants to LEA's	no increase or decrease
IDEA Part B	\$ (417)
Save the Children	no increase or decrease
QSCB Construction Fund	\$ 316,100

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2011, the District's total capital assets were \$4,216,357, including land, school buildings, buses, other school vehicles and furniture and equipment. This amount represents a increase of \$64,542 from 2010 to 2011 and a decrease of \$25,625 from 2009 to 2010. Total accumulated depreciation was \$1,389,791 for 2011 and \$1,333,933 for 2010. Total depreciation expense was \$134,854 for 2011 and \$123,406 for 2010, resulting in total net capital assets of \$2,826,566 for 2011 and \$2,817,882 for 2010.

TABLE 4
CAPITAL ASSETS, NET OF DEPRECIATION

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
Land	\$ 98,366	\$ 98,366	0.0%
Buildings	1,102,187	1,131,591	-2.6%
Building improvements	1,388,224	1,457,109	-4.7%
Mobile equipment	228,771	113,776	101.1%
Furniture and equipment	9,018	17,040	-47.1%
Total	<u>\$ 2,826,566</u>	<u>\$ 2,817,882</u>	0.3%

Debt Administration. At June 30, 2011, the District had \$1,194,683 in long-term debt outstanding, of which \$109,540 is due within one year. The liability for compensated absences increased \$6,099 from the prior year.

The District does not have an underlying bond rating.

TABLE 5
OUTSTANDING LONG-TERM DEBT

	June 30, 2011	June 30, 2010	Percentage Change
Limited Obligation Bonds Payable	\$ -0-	\$ 555,000	-100.0%
Limited Obligation Refunding Bonds Payable	550,000	-0-	N/A
Three mill note payable	205,000	240,000	-14.6%
Obligations under capital leases	328,000	-0-	N/A
Obligations under energy efficiency leases	79,619	90,551	-12.1%
Compensated Absences Payable	32,064	25,965	23.5%
Total	\$ 1,194,683	\$ 911,516	31.1%

Additional information of the District's long-term debt can be found in Note 5 on pages 37 - 41 of this report.

CURRENT ISSUES

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

The District has committed itself to financial excellence for many years. The 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.

The District actively pursues grant funding to supplement the local, state and federal revenue.

Enrollment for the 2010-2011 year decreased by 2% to 583 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Chickasaw County School District, P. O. Box 480 or 501 Griffin Avenue, Houlka, MS 38850.

FINANCIAL STATEMENTS

CHICKASAW COUNTY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 2)	\$ 2,026,732
Due from other governments	229,688
Other receivables, net	2,930
Inventories and prepaid items	3,290
Deferred Bond Issuance Costs	7,791
Capital assets, not being depreciated:	
Land	98,366
Capital assets, net of accumulated depreciation:	
Buildings	1,102,187
Building improvements	1,388,224
Mobile equipment	228,771
Furniture and equipment	9,018
Total Assets	<u>\$ 5,096,997</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 38,515
Interest payable on long-term liabilities	14,484
Long-term liabilities, due within one year (Note 5)	
Capital related liabilities	98,000
Non-capital related liabilities	11,540
Long-term liabilities, due beyond one year (Note 5)	
Capital related liabilities	985,000
Non-capital related liabilities	100,143
Total Liabilities	<u>\$ 1,247,682</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 1,743,566
Restricted net assets:	
Expendable:	
School-based activities	108,222
Debt service	58,289
Capital improvements	316,100
Unemployment benefits	10,846
Unrestricted	<u>1,612,292</u>
Total Net Assets	<u>\$ 3,849,315</u>

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

**CHICKASAW COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 2,564,686	54,581	552,727		(1,957,378)
Support services	1,358,839		165,773	17,819	(1,175,247)
Non-instructional	385,378	72,755	314,214		1,591
Interest on long-term liabilities	35,668				(35,668)
Total governmental activities	\$ 4,344,571	127,336	1,032,714	17,819	(3,166,702)
General Revenues:					
Taxes:					
					507,630
					18,775
Unrestricted grants and contributions:					
					2,981,344
					276,521
					38,201
					116,748
					3,939,219
					772,517
					3,076,798
					\$ 3,849,315

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

**CHICKASAW COUNTY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Major Funds						Total Governmental Funds
	General Fund	Title I - Grants to LEA's	IDEA Part B Fund	Save the Children Fund	QSCB Construction Fund	Other Governmental Funds	
ASSETS							
Cash and cash equivalents (Note 2)	\$ 1,529,908				316,211	180,613	2,026,732
Due from other governments	106,653	33,864	30,153	18,254		40,764	229,688
Due from other funds (Note 3)	112,982						112,982
Inventories and prepaid items						3,290	3,290
Total Assets	\$ 1,749,543	33,864	30,153	18,254	316,211	224,667	2,372,692
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 33,359				111	5,045	38,515
Due to other funds (Note 3)		33,864	30,153	18,254		27,781	110,052
Total Liabilities	\$ 33,359	33,864	30,153	18,254	111	32,826	148,567
Fund Balances:							
Nonspendable:							
Inventory						3,290	3,290
Restricted:							
Debt service						72,773	72,773
Capital Improvements					316,100		316,100
Unemployment benefits						10,846	10,846
Other Purposes						104,932	104,932
Unassigned	1,716,184						1,716,184
Total Fund Balances	1,716,184	-0-	-0-	-0-	316,100	191,841	2,224,125
Total Liabilities and Fund Balances	\$ 1,749,543	33,864	30,153	18,254	316,211	224,667	2,372,692

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

**CHICKASAW COUNTY SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET ASSETS
JUNE 30, 2011**

		<u>Amount</u>
Total Fund Balance - Governmental Funds	\$	2,224,125
Amounts reported for governmental activities in the statement of net assets are different because:		
1. Capital assets which are used in governmental activities are financial resources and therefore are not reported in the funds:		
Land	98,366	
Buildings	1,726,926	
Building improvements	1,722,139	
Mobile equipment	520,973	
Furniture and equipment	147,953	
Accumulated depreciation	<u>(1,389,791)</u>	2,826,566
2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in funds:		
Limited obligation bonds payable	(550,000)	
Three mill note payable	(205,000)	
Qualified school construction bonds payable	(328,000)	
Obligations under energy efficiency lease	(79,619)	
Compensated absences	(32,064)	
Unamortized charges-debt issuance cost	7,791	
Accrued interest payable	<u>(14,484)</u>	(1,201,376)
Total Net Assets - Governmental Activities	\$	<u><u>3,849,315</u></u>

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

CHICKASAW COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Major Funds						Total Governmental Funds
	General Fund	Title I - Grants to LEA's Fund	IDEA Part B Fund	Save the Children Fund	QSCB Construction Fund	Other Governmental Funds	
Revenues:							
Local sources	\$ 618,858			92,690	91	94,517	806,156
State sources	2,977,387					146,532	3,123,919
Federal sources	83,473	182,397	171,993			746,617	1,184,480
Total Revenues	<u>3,679,718</u>	<u>182,397</u>	<u>171,993</u>	<u>92,690</u>	<u>91</u>	<u>987,666</u>	<u>5,114,555</u>
Expenditures:							
Instruction	1,640,058	166,550	149,578	92,690		475,527	2,524,403
Support services	1,274,191	13,750	17,059			96,365	1,401,365
Noninstructional services	19,929	2,097	593		111	347,288	370,018
Facilities acquisition and construction					11,880		11,880
Debt service:							
Principal						71,932	71,932
Interest						35,189	35,189
Bond Issuance Costs						8,975	8,975
Total Expenditures	<u>2,934,178</u>	<u>182,397</u>	<u>167,230</u>	<u>92,690</u>	<u>11,991</u>	<u>1,035,276</u>	<u>4,423,762</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>745,540</u>	<u>-0-</u>	<u>4,763</u>	<u>-0-</u>	<u>(11,900)</u>	<u>(47,610)</u>	<u>690,793</u>
Other Financing Sources (Uses):							
Bond and notes issued					328,000	576,000	904,000
Payment to escrow agent	2,533					(555,000)	(555,000)
Sale of transportation equipment	69,018					132,149	201,167
Operating transfers in	(104,640)		(5,180)			(91,347)	(201,167)
Operating transfers out	(33,089)	-0-	(5,180)	-0-		61,802	351,533
Total Other Financing Sources (Uses)	<u>712,451</u>	<u>-0-</u>	<u>(417)</u>	<u>-0-</u>	<u>316,100</u>	<u>14,192</u>	<u>1,042,326</u>
Net Change in Fund Balances	<u>1,003,733</u>	<u>-0-</u>	<u>417</u>	<u>-0-</u>	<u>-0-</u>	<u>180,287</u>	<u>1,184,437</u>
Fund Balances - Beginning						(2,638)	(2,638)
Decrease in reserve for inventory							
Fund Balances - Ending	<u>\$ 1,716,184</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>316,100</u>	<u>191,841</u>	<u>2,224,125</u>

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

**CHICKASAW COUNTY SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

		Amount
Net change in fund balances - total governmental funds		\$ 1,042,326
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	\$ 152,316	
Depreciation expense	(134,854)	17,462
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the loss on sale of capital assets.		
		(8,778)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect		
Bonds and notes issued	\$ (328,000)	
Refunding bonds issued	(576,000)	
Payments of debt principal	71,932	
Payments to refunded bond escrow agent	555,000	
Increase in accrued interest payable	(479)	
Deferred issuance costs	8,975	(268,572)
4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Increase in compensated absences	(6,099)	
Decrease in inventory reserve	(2,638)	
Amortization of deferred charges	(1,184)	(9,921)
Change in net assets of governmental activities		\$ 772,517

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

CHICKASAW COUNTY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 JUNE 30, 2011

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents (Note 2)	\$ <u>254,468</u>
Total Assets	\$ <u><u>254,468</u></u>
Liabilities	
Accounts payable and accrued liabilities	\$ 229,720
Due to other funds	2,930
Due to student clubs	<u>21,818</u>
Total Liabilities	\$ <u><u>254,468</u></u>

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

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Note 1: Summary of Significant Accounting Policies

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

A. Basis of Presentation

Government-wide Financial Statements

In February 2009, the GASB issued GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

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

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

C. Government-wide and Fund Financial Statements

The Statement of Net Assets presents the District's non-fiduciary 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 of 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, are 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 taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements

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

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

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 Grants to LEA’s Fund – This is the school district’s fund for accounting for the federal funding of the Title I program, which is used to pay expenses associated with teacher staff development.

IDEA Part B Fund – This is the school district’s fund for accounting for the funding of the Individuals with Disabilities Education Act (IDEA) authorized as part of the America Reinvestment and Recovery Act of 2009.

Save the Children Fund – This is the school district’s fund for accounting for the funding of the Save the Children grant.

QSCB Construction Fund – This fund is used to account for resources used for major repairs and renovation planned by the district.

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

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

The District’s fiduciary funds include the following:

Activity Agency Fund – This fund is used to account for revenues and expenditures of various student clubs in the district.

Accounts Payable Clearing – This fund is used to account for the District’s claims payable and the payment of those claims.

Payroll Clearing – This fund is used to account for salaries and related salaries expenditures payable and the payment of those payables.

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

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 taxes, 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 inter-fund activity has been eliminated from the government-wide statements.

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

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

E. Encumbrances

An encumbrance system is maintained to account for commitments resulting from approved purchase orders, work orders and contracts. 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.

F. Assets, liabilities, and net assets

1. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less. Cash and cash equivalents are valued at cost. 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.

2. Receivables and payables

Activities 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 inter-fund loans) or "advances to/from other funds"(i.e. the non-current portion of inter-fund 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.

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

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 Statement of Net Assets because their use is limited by applicable debt statutes.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets 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 table below.

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.

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

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 4 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 provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 5 for details.

9. Fund equity

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. There are currently no committed fund balances.

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. There are currently no assigned fund balances.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Note 2: Cash and Cash Equivalents

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits 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.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$2,026,732 and \$254,468, respectively. The carrying amount of deposits reported in the government-wide statements was: Cash and Cash Equivalents \$2,026,732. The bank balance was \$2,519,710.

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 2: Cash and Cash Equivalents (Continued)

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2011, none of the district's bank balance of \$2,519,710 was exposed to custodial credit risk.

Note 3: Interfund Transactions and Balances

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title I-Grants to LEA's	\$ 33,864
General Fund	IDEA Part B Allocation	30,153
General Fund	Save the Children	18,254
General Fund	Other Governmental Funds	27,781
General Fund	Fiduciary Funds	<u>2,930</u>
Total		<u>\$ 112,982</u>

The purpose of the interfund loans was to cover federal funds not received prior to year-end.

B. Transfers In/Out

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 104,640
IDEA Part B	General Fund	5,180
Other Governmental Funds	General Fund	63,838
Other Governmental Funds	Other Governmental Funds	27,509
Total		<u>\$ 201,167</u>

The principal purpose of interfund transfers was to provide funds to pay for debt service payments or to provide funds for daily operations. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 4: Capital Assets

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

	Balance 7/1/2010	Additions	Retirements	Completed Construction	Adjustments	Balance 6/30/2011
<u>Non-depreciable capital assets:</u>						
Land	\$ 98,366					98,366
Total non-depreciable capital assets	<u>98,366</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>98,366</u>
<u>Depreciable capital assets:</u>						
Buildings	1,726,926					1,726,926
Building improvements	1,722,139					1,722,139
Mobile equipment	456,431	152,316	(87,774)			520,973
Furniture and equipment	147,953					147,953
Total depreciable capital assets	<u>4,053,449</u>	<u>152,316</u>	<u>(87,774)</u>	<u>-0-</u>	<u>-0-</u>	<u>4,117,991</u>
<u>Less accumulated depreciation for:</u>						
Buildings	595,335	29,404				624,739
Building improvements	265,030	68,885				333,915
Mobile equipment	342,655	28,543	(78,996)			292,202
Furniture and equipment	130,913	8,022				138,935
Total accumulated depreciation	<u>1,333,933</u>	<u>134,854</u>	<u>(78,996)</u>	<u>-0-</u>	<u>-0-</u>	<u>1,389,791</u>
Total depreciable capital assets, net	<u>2,719,516</u>	<u>17,462</u>	<u>(8,778)</u>	<u>-0-</u>	<u>-0-</u>	<u>2,728,200</u>
Governmental activities capital assets, net	<u>\$ 2,817,882</u>	<u>17,462</u>	<u>(8,778)</u>	<u>-0-</u>	<u>-0-</u>	<u>2,826,566</u>

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$ 30,867
Support services	102,787
Non-instructional services	1,200
Total depreciation expense	<u>\$ 134,854</u>

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

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 5: Long-term Liabilities

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

	<u>Balance</u> <u>7/1/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2011</u>	<u>Amounts</u> <u>due within</u> <u>one year</u>
A. Limited obligation bonds payable	\$ 555,000	576,000	581,000	550,000	62,000
B. Three mill note payable	240,000		35,000	205,000	36,000
C. Qualified School Construction bonds payable	-0-	328,000		328,000	-0-
D. Obligations under energy efficiency lease	90,551		10,932	79,619	11,540
E. Compensated absences payable	<u>25,965</u>	<u>6,099</u>		<u>32,064</u>	
Total	<u>\$ 911,516</u>	<u>910,099</u>	<u>626,932</u>	<u>1,194,683</u>	<u>109,540</u>

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:

<u>Description</u>	<u>Interest</u> <u>Rate</u>	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u>
State aid capital improvement refunding bonds, series 2010	3.05%	7/7/10	2/1/18	\$ <u>576,000</u>	\$ <u>550,000</u>
Total				\$ <u>576,000</u>	\$ <u>550,000</u>

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 5: Long-term Liabilities (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2012	62,000	14,786	76,786
2013	64,000	13,526	77,526
2014	66,000	12,012	78,012
2015	68,000	10,236	78,236
2016-2018	290,000	18,403	308,403
Total \$	<u>550,000</u>	<u>68,963</u>	<u>618,963</u>

This debt will be retired from the MAEP Retirement Fund.

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

Advance Refunding

On July 7, 2010, the district issued \$576,000 in State Aid Capital Improvement Refunding Bonds, Series 2010, with an average interest rate of 3.05%, to advance refund \$555,000 of outstanding State Aid Capital Improvement Bonds, Series 1998 with an average interest rate of 5.00%. The net proceeds of \$567,025 after payments of \$8,975 for issuance costs were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the State Aid Capital Improvement Bonds, Series 1998.

As a result, the State Aid Capital Improvement Bonds, Series 1998 are considered to be defeased and the liability for those bonds has been removed from long-term liabilities.

The district advance refunded the State Aid Capital Improvement Bonds, Series 1998 to reduce its total debt service payments over the remaining eight years of the debt by approximately \$32,397 and to obtain an economic gain of \$33,968.

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 5: Long-term Liabilities (Continued)

B. Three mill notes payable

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Limited tax note series 2007	3.99%	5/1/07	5/1/18	\$ 329,000	\$ 205,000
Total				<u>\$ 329,000</u>	<u>\$ 205,000</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	36,000	8,179	44,179
2013	29,000	6,743	35,743
2014	28,000	5,586	33,586
2015	29,000	4,469	33,469
2016-2018	83,000	6,464	89,464
Total	<u>\$ 205,000</u>	<u>31,441</u>	<u>236,441</u>

This debt will be retired from the 3 Mill Note Levy 1999 fund.

C. Qualified School Construction Bonds Payable

As more fully explained in Note 11, debt has been issued by the school district that qualifies as Qualified School Construction Bonds. Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Qualified School Construction Bonds	5.42%	3/1/11	3/1/26	\$ 328,000	\$ 328,000
Total				<u>\$ 328,000</u>	<u>\$ 328,000</u>

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 5: Long-term Liabilities (Continued)

D. Obligations under energy efficiency lease

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
District wide lighting project	5.49%	7/31/07	4/10/17	\$ 122,000	\$ 79,619
Total				<u>\$ 122,000</u>	<u>\$ 79,619</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	11,540	4,215	15,755
2013	12,182	3,573	15,755
2014	12,860	2,895	15,755
2015	13,576	2,179	15,755
2016-2017	29,461	2,049	31,510
Total	<u>\$ 79,619</u>	<u>14,911</u>	<u>94,530</u>

This debt will be retired from the Master Lease Debt Repayment Fund.

An energy efficiency lease agreement dated July 31, 2007, was executed by and between the district, the lessee, and First Southwest Leasing, the lessor.

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 5: Long-term Liabilities (Continued)

E. Compensated absences payable

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

Note 6: Other Commitments

The School District has four operating leases for copiers.

Lease expenditures for the year ended June 30, 2011, amounted to \$19,023. Future lease payments for these leases are as follows:

Year Ending June 30,	Amount
2012	19,023
2013	19,023
2014	19,023
2015	14,267
Total \$	<u>71,336</u>

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 7: Defined Benefit Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplemental 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 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The rate for fiscal year ended June 30, 2011, was 12.00% 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, 2011, 2010, and 2009 were \$285,440, \$286,653, and \$294,914, respectively, which equaled the required contributions for each year.

Note 8: Contingencies

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

Litigation – The school district is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the school district with respect to the various proceedings. However, the school district's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 9: Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 63 school districts and covers risks of loss arising from injuries to the school district's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance that will pay the excess to the statutory amount required by the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for the excess losses incurred by the pool.

Note 10: Vocational School Consortium

The school district entered into a Vocational Educational Agreement date May 6, 1985, creating the Houston Vocational Center. This center was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The center includes the Houston School District and the Chickasaw County School District.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

The Houston School District has been designated as the fiscal agent for the Houston Vocational Center, and the operations of the center are included in its financial statements.

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 11: Qualified School Construction Bonds

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs.

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2011 was \$0. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2012	\$ 0
2013	7,000
2014	9,000
2015	10,000
2016	10,000
2017-2021	128,000
2022-2026	164,000
Total	\$ <u>328,000</u>

Note 12: Subsequent Events

Events that occur after the statement of net assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net assets date require disclosure in the accompanying notes. Management of the Chickasaw County School District evaluated the activity of the district through January 6, 2012, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements:

REQUIRED SUPPLEMENTAL INFORMATION

**CHICKASAW COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 566,130	618,858	618,858	52,728	-0-
State sources	2,845,968	2,977,387	2,977,387	131,419	-0-
Federal sources	89,583	83,473	83,473	(6,110)	-0-
Total Revenues	<u>3,501,681</u>	<u>3,679,718</u>	<u>3,679,718</u>	<u>178,037</u>	<u>-0-</u>
Expenditures:					
Instruction	2,048,345	1,640,058	1,640,058	408,287	-0-
Support services	1,311,764	1,274,191	1,274,191	37,573	-0-
Noninstructional services	20,850	19,929	19,929	921	-0-
Total Expenditures	<u>3,380,959</u>	<u>2,934,178</u>	<u>2,934,178</u>	<u>446,781</u>	<u>-0-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>120,722</u>	<u>745,540</u>	<u>745,540</u>	<u>624,818</u>	<u>-0-</u>
Other Financing Sources (Uses):					
Sale of other property		2,533	2,533	2,533	-0-
Operating transfers in	445,680	443,482	69,018	(2,198)	(374,464)
Operating transfers out	(508,549)	(479,104)	(104,640)	29,445	374,464
Total Other Financing Sources (Uses)	<u>(62,869)</u>	<u>(33,089)</u>	<u>(33,089)</u>	<u>29,780</u>	<u>-0-</u>
Net Change in Fund Balances	<u>57,853</u>	<u>712,451</u>	<u>712,451</u>	<u>654,598</u>	<u>-0-</u>
Fund Balances:					
July 1, 2010,	<u>1,003,733</u>	<u>1,003,733</u>	<u>1,003,733</u>	<u>-0-</u>	<u>-0-</u>
June 30, 2011	<u>\$ 1,061,586</u>	<u>1,716,184</u>	<u>1,716,184</u>	<u>654,598</u>	<u>-0-</u>

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

**CHICKASAW COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE TITLE I FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 171,031	182,397	182,397	11,366	-0-
Total Revenues	<u>171,031</u>	<u>182,397</u>	<u>182,397</u>	<u>11,366</u>	<u>-0-</u>
Expenditures:					
Instruction	163,209	166,550	166,550	(3,341)	-0-
Support services	22,247	13,750	13,750	8,497	-0-
Noninstructional services	2,000	2,097	2,097	(97)	-0-
Total Expenditures	<u>187,456</u>	<u>182,397</u>	<u>182,397</u>	<u>5,059</u>	<u>-0-</u>
Excess of Revenues Over Expenditures	<u>(16,425)</u>	<u>-0-</u>	<u>-0-</u>	<u>16,425</u>	<u>-0-</u>
Other Financing Sources(Uses):					
Operating transfers in	13,552	-0-	-0-	(13,552)	-0-
Total Other Financing Sources(Uses)	<u>13,552</u>	<u>-0-</u>	<u>-0-</u>	<u>(13,552)</u>	<u>-0-</u>
Net Change in Fund Balances	<u>(2,873)</u>	<u>-0-</u>	<u>-0-</u>	<u>2,873</u>	<u>-0-</u>
Fund Balances:					
July 1, 2010	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
June 30, 2011	<u>\$ (2,873)</u>	<u>-0-</u>	<u>-0-</u>	<u>2,873</u>	<u>-0-</u>

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

**CHICKASAW COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE IDEA PART B FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 143,947	171,993	171,993	28,046	-0-
Total Revenues	<u>143,947</u>	<u>171,993</u>	<u>171,993</u>	<u>28,046</u>	<u>-0-</u>
Expenditures:					
Instruction	114,484	149,578	149,578	(35,094)	-0-
Support services	37,002	17,059	17,059	19,943	-0-
Noninstructional services	2,000	593	593	1,407	-0-
Total Expenditures	<u>153,486</u>	<u>167,230</u>	<u>167,230</u>	<u>(13,744)</u>	<u>-0-</u>
Excess of Revenues Over Expenditures	<u>(9,539)</u>	<u>4,763</u>	<u>4,763</u>	<u>14,302</u>	<u>-0-</u>
Other Financing Sources(Uses):					
Operating transfers out	(5,563)	(5,180)	(5,180)	383	-0-
Total Other Financing Sources(Uses)	<u>(5,563)</u>	<u>(5,180)</u>	<u>(5,180)</u>	<u>383</u>	<u>-0-</u>
Net Change in Fund Balances	<u>(15,102)</u>	<u>(417)</u>	<u>(417)</u>	<u>14,685</u>	<u>-0-</u>
Fund Balances:					
July 1, 2010	<u>417</u>	<u>417</u>	<u>417</u>	<u>-0-</u>	<u>-0-</u>
June 30, 2011	<u>\$ (14,685)</u>	<u>-0-</u>	<u>-0-</u>	<u>14,685</u>	<u>-0-</u>

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

**CHICKASAW COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE SAVE THE CHILDREN FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 95,864	92,690	92,690	(3,174)	-0-
Total Revenues	<u>95,864</u>	<u>92,690</u>	<u>92,690</u>	<u>(3,174)</u>	<u>-0-</u>
Expenditures:					
Instructional	95,864	92,690	92,690	3,174	-0-
Total Expenditures	<u>95,864</u>	<u>92,690</u>	<u>92,690</u>	<u>3,174</u>	<u>-0-</u>
Excess of Revenues Over Expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Other Financing Sources(Uses):					
Operating transfers out				-0-	-0-
Total Other Financing Sources(Uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Change in Fund Balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balances:					
July 1, 2010	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
June 30, 2011	<u>\$ -0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

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

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011**

Budgetary Comparison Schedule

Note 1: Basis of Presentation

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

Note 2: Budget Amendments and Revisions

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

SUPPLEMENTAL INFORMATION

**CHICKASAW COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U.S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	112,812
National school lunch program	10.555	198,195
Total child nutrition cluster		<u>311,007</u>
Total passed-through Mississippi Department of Education		<u>311,007</u>
Total U.S. Department of Agriculture		<u>311,007</u>
Federal Communications Commission		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.XXX	32,568
Total Federal Communications Commission		<u>32,568</u>
U.S. Department of Education		
Passed-through Mississippi Department of Education:		
Safe and drug free schools and communities - state grants	84.186	3,084
Rural education	84.358	22,656
Improving teacher quality - state grants	84.367	36,604
ARRA-State fiscal stabilization fund (SFSF) education state grant	84.394	193,048
Education jobs grant	84.410	144,157
Subtotal		<u>399,549</u>
Title I Cluster		
Title I - grants to local educational agencies	84.010	182,397
ARRA-Title I - grants to local educational agencies	84.389	11,619
Total Title I cluster		<u>194,016</u>
Education Technology Cluster		
ARRA-Education technology	84.386	2,263
Education technology state grant	84.318	1,721
Total Education Technology Cluster		<u>3,984</u>
Special education cluster:		
Special education - grants to states	84.027	171,993
Special education - preschool grants	84.173	1,588
ARRA-Special education - grants to states	84.391	14,367
ARRA-Special education - preschool grants	84.392	3,043
Total special education cluster		<u>190,991</u>
Total passed through Mississippi Department of Education		<u>788,540</u>
Total U.S. Department of Education		<u>788,540</u>
Total for All Federal Awards		<u>\$ 1,132,115</u>

**CHICKASAW COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

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

**CHICKASAW COUNTY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL, ADMINISTRATIVE AND OTHER EXPENDITURES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 3,257,441	2,617,709	160,698	113,335	365,699
Other	1,166,321	254,230	23,062	20,296	868,733
Total	\$ 4,423,762	2,871,939	183,760	133,631	1,234,432
Total number of students	583				
Cost per student	\$ 7,588	4,926	315	229	2,118

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

Instructional 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

OTHER SUPPLEMENTAL INFORMATION

CHICKASAW COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND – LAST FOUR YEARS

"UNAUDITED"

	<u>2011</u>	<u>2010*</u>	<u>2009*</u>	<u>2008*</u>
Revenues:				
Local sources	\$ 618,858	586,046	618,471	671,622
State sources	2,977,387	2,931,204	2,973,215	2,763,798
Federal sources	83,473	162,926	100,472	122,187
Total Revenues	<u>3,679,718</u>	<u>3,680,176</u>	<u>3,692,158</u>	<u>3,557,607</u>
Expenditures:				
Instruction	1,640,058	1,913,461	2,202,092	2,155,286
Support services	1,274,191	1,221,553	1,380,857	1,358,798
Noninstructional services	19,929	45,195	14,041	20,617
Facilities acquisition and construction			47,790	
Total Expenditures	<u>2,934,178</u>	<u>3,180,209</u>	<u>3,644,780</u>	<u>3,534,701</u>
Excess (Deficiency) of Revenues over Expenditures	<u>745,540</u>	<u>499,967</u>	<u>47,378</u>	<u>22,906</u>
Other Financing Sources (Uses):				
Sale of transportation equipment	2,533			
Inception of capital leases				122,000
Operating transfers in	69,018	35,890		
Operating transfers out	(104,640)	(116,387)	(113,805)	(127,730)
Other financing uses				(742)
Total Other Financing Sources (Uses)	<u>(33,089)</u>	<u>(80,497)</u>	<u>(113,805)</u>	<u>(6,472)</u>
Net Change in Fund Balances	<u>712,451</u>	<u>419,470</u>	<u>(66,427)</u>	<u>16,434</u>
Fund Balances:				
Beginning, as originally reported	1,003,733	591,265	654,670	638,236
Prior period adjustments		(7,002)	3,022	
Beginning, as restated	<u>1,003,733</u>	<u>584,263</u>	<u>657,692</u>	<u>638,236</u>
Ending	<u>\$ 1,716,184</u>	<u>1,003,733</u>	<u>591,265</u>	<u>654,670</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

CHICKASAW COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUNDS – LAST FOUR YEARS

"UNAUDITED"

	2011	2010*	2009*	2008*
Revenues:				
Local sources	\$ 806,156	706,665	730,267	788,896
State sources	3,123,919	3,070,410	3,356,153	2,892,046
Federal sources	1,184,480	946,245	840,346	835,680
Total Revenues	5,114,555	4,723,320	4,926,766	4,516,622
Expenditures:				
Instruction	2,524,403	2,330,024	2,630,509	2,558,134
Support services	1,401,365	1,436,750	1,519,162	1,529,379
Noninstructional services	370,018	411,342	379,027	358,351
Facilities acquisition and construction	11,880		622,498	121,028
Debt service:				
Principal	71,932	101,185	94,858	128,149
Interest	35,189	45,510	50,044	54,077
Bond issuance costs	8,975			
Total Expenditures	4,423,762	4,324,811	5,296,098	4,749,118
Excess (Deficiency) of Revenues over Expenditures	690,793	398,509	(369,332)	(232,496)
Other Financing Sources (Uses):				
Bonds and notes issued	328,000			
Refunding bonds issued	576,000			
Payment to bond escrow agent	(555,000)			
Inception of capital leases				122,000
Sale of transportation equipment	2,533			
Operating transfers in	201,167	202,024	214,381	145,863
Operating transfers out	(201,167)	(202,024)	(214,381)	(145,863)
Other financing uses				(742)
Total Other Financing Sources (Uses)	351,533	-0-	-0-	121,258
Net Change in Fund Balances	1,042,326	398,509	(369,332)	(111,238)
Fund Balances:				
Beginning, as originally reported	1,184,437	784,779	1,174,712	1,280,944
Prior period adjustments		320	(9,368)	(8,141)
Beginning, as restated	1,184,437	785,099	1,165,344	1,272,803
Increase (Decrease) in reserve for inventory	(2,638)	829	(11,233)	13,147
Ending	\$ 2,224,125	1,184,437	784,779	1,174,712

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

J.E. VANCE & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' 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
Chickasaw County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Chickasaw County School District as of and for the year ended June 30, 2011, which collectively comprise the Chickasaw County School District's basic financial statements and have issued our report thereon dated January 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

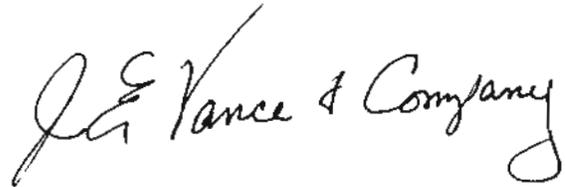
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify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

Compliance and Other Matters

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

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

January 6, 2012
Tupelo, Mississippi

A handwritten signature in cursive script that reads "J. E. Vance & Company". The signature is written in dark ink and is positioned to the right of the date and location text.

J.E. VANCE & COMPANY, P.A.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Superintendent and School Board
Chickasaw County School District

Compliance

We have audited the compliance of the Chickasaw 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, 2011. The school district's major federal programs are identified in the summary of auditor's results section of the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

In our opinion, Chickasaw County School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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

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

January 6, 2012
Tupelo, Mississippi

J. E. Vance & Company

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Chickasaw County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Chickasaw County School District as of and for the year ended June 30, 2011, which collectively comprise Chickasaw County School District's basic financial statements and have issued our report thereon dated January 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$3,228 of classroom supply funds carried over from previous years.

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

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

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

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

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

January 6, 2012
Tupelo, Mississippi

J E Vance & Company

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**CHICKASAW COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditors' report issued on the financial statements: | Unqualified |
| 2. Material noncompliance relating to the financial statements? | No |
| 3. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None Reported |

Federal Awards:

- | | |
|--|---------------|
| 4. Type of auditors' report issued on compliance for major federal programs: | Unqualified |
| 5. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None Reported |
| 6. Any audit finding(s) reported as required by section __.510(a) of OMB Circular A-133? | No |
| 7. Federal programs identified as major programs: | |
| a. Title I Cluster | |

CFDA #84.010 – Title I grants to local education agencies
CFDA #84.389 – ARRA – Title I grants to local education agencies

**CHICKASAW COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Section 1: Summary of Auditor's Results (Continued)

7. Federal programs identified as major programs (continued)

b. Special Education Cluster:

CFDA # 84.027 – Special education grants to states
CFDA # 84.173 – Special education-preschool grants
CFDA # 84.391 – ARRA-Special education grants to states
CFDA # 84.392 – ARRA-Special education preschool grants

c. State fiscal stabilization fund (SFSF) education state grants

CDFA # 84.394

8. The dollar threshold used to distinguish between type A and type B programs: \$300,000.
9. Auditee qualified as a low-risk auditee? No
10. Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____ .315(b) of OMB Circular A-133? No

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

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