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**LAFAYETTE COUNTY SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2011**

LAFAYETTE COUNTY SCHOOL DISTRICT  
TABLE OF CONTENTS

	PAGE
Independent Auditor's Report on the Basic Financial Statements and Supplemental Information	5
Management's Discussion and Analysis	9
Financial Statements:	
Statement of Net Assets	21
Statement of Activities	22
Balance Sheet Governmental Funds	23
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	25
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	26
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	28
Statement of Fiduciary Assets and Liabilities	29
Notes to Financial Statements	30
Required Supplemental Information:	
Budgetary Comparison Schedule - General Fund	57
Budgetary Comparison Schedule - Title I - Basic Fund	58
Budgetary Comparison Schedule - ARRA - Part B Fund	59
Budgetary Comparison Schedule - IDEA - Part B Fund	60
Notes to the Required Supplemental Information	61

LAFAYETTE COUNTY SCHOOL DISTRICT  
TABLE OF CONTENTS  
-Continued-

	PAGE
Supplemental Information:	
Schedule of Expenditures of Federal Awards	63
Schedule of Instructional, Administrative and Other Expenditures-Governmental Funds	65
Other Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund, Last Four Years	67
Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Funds, Last Four Years	68
Reports on Internal Control and Compliance:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	70
Independent Auditor's 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	72
Independent Auditor's Report on Compliance with State Laws and Regulations	76
Schedule of Findings and Questioned Costs	79
Auditee's Corrective Action Plan	89

LAFAYETTE COUNTY SCHOOL DISTRICT

FINANCIAL AUDIT REPORT



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

Superintendent and School Board  
Lafayette 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 Lafayette County School District as of and for the year ended June 30, 2011, which collectively comprise the Lafayette County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lafayette 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 Lafayette 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 August 28, 2012, on our consideration of the Lafayette County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

*The Dwight L. Young Group*

August 28, 2012

LAFAYETTE COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

LAFAYETTE COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011

The following discussion and analysis of Lafayette County School District's financial performance provides an overview 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 are encouraged to review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Total net assets for 2011 increased \$3,173,136, which represents a 31% increase from fiscal year 2010. Total net assets for 2010 increased \$665,359, which represents a 7% increase from fiscal year 2009.

General revenues amounted to \$19,133,968 and \$18,737,791 or 79% and 80% 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 \$5,077,334 or 21% of total revenues for 2011, and \$4,663,922 or 20% of total revenues for 2010.

The District had \$21,038,166 and \$22,681,506 in expenses for fiscal years 2011 and 2010; only \$5,077,334 for 2011 and \$4,663,922 for 2010 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$19,133,968 for 2011 and \$18,737,791 for 2010 were adequate to provide for these programs.

Among major funds, the General Fund had \$17,218,896 in revenues and \$13,995,580 in expenditures for 2011, and \$16,585,169 in revenues and \$15,991,433 in expenditures for 2010. The General Fund's fund balance increased by \$2,316,480 from 2010 to 2011, and decreased by \$337,068 from 2009 to 2010.

Capital assets, net of accumulated depreciation, decreased by \$769,926 for 2011, and decreased by \$560,155 for 2010. The decrease for 2011 was due to depreciation and the retirement of furniture and equipment.

Long-term debt decreased by a net of \$1,468,552 for 2011. During 2011, the District repaid principal payments on long-term debt of \$1,475,000. The liability for compensated absences for 2011 was increased by \$6,448. For 2010, long-term debt decreased by \$1,379,841 due to principal payment on debt and compensated absences decreased by \$8,914.

LAFAYETTE COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplemental information, supplemental information and other information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide the readers with a broad overview of the District's finances. These statements consist of the Statement of Net Assets and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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.

LAFAYETTE COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011

GOVERNMENTAL FUNDS

Most of the District's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financial requirements.

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, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Assets, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

The District maintains individual governmental funds in accordance with the Financial Accounting Manual for Mississippi Public School Districts. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these reports as other governmental funds.

FIDUCIARY FUNDS

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011

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 THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

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.

LAFAYETTE COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011

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 in this report.

OTHER INFORMATION.

Although not a required part of the basic financial statements, the Statement of Revenues, Expenditures and Changes in Fund Balance-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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET ASSETS.

Net assets may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$13,460,309 as of June 30, 2011.

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011

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

	<u>JUNE 30, 2011</u>	<u>JUNE 30, 2010</u>	<u>PERCENT CHANGE OVER PRIOR YEAR</u>
Current Assets	\$ 5,800,624	\$ 3,202,799	81 %
Other Assets	341,779	473,485	(28) %
Capital Assets, Net	<u>21,603,780</u>	<u>22,373,706</u>	(3) %
Total Assets	\$ <u>27,746,183</u>	\$ <u>26,049,990</u>	7 %
Current Liabilities	\$ 248,189	\$ 256,580	(3) %
Long-term Liabilities	<u>14,037,685</u>	<u>15,506,237</u>	(9) %
Total Liabilities	\$ <u>14,285,874</u>	\$ <u>15,762,817</u>	(9) %
Net Assets			
Invested in Capital Assets, Net of Related Debt	\$ 7,783,780	\$ 7,333,706	6 %
Restricted	2,633,526	2,469,353	7 %
Unrestricted	<u>3,043,003</u>	<u>484,114</u>	529 %
Total Net Assets	\$ <u>13,460,309</u>	\$ <u>10,287,173</u>	31 %

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

The principal retirement of \$1,475,000 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 \$24,211,302 and \$23,401,713, respectively. The total cost of all programs and services was \$21,038,166 for 2011 and \$22,681,506 for 2010. Table 2 presents a summary of the changes in net assets for the fiscal years ending June 30, 2011 and June 20, 2010.

LAFAYETTE COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011

TABLE 2  
CHANGES IN NET ASSETS

	<u>JUNE 30, 2011</u>	<u>JUNE 30, 2010</u>	<u>PERCENT CHANGE OVER PRIOR YEAR</u>
Revenues:			
Program Revenues			
Charges for Services	\$ 1,402,674	\$ 1,412,016	(1) %
Operating Grants & Contributions	3,674,660	3,183,118	15 %
Capital Grants & Contributions	-0-	68,788	(100) %
General Revenues			
Property Taxes	7,248,446	7,247,703	0 %
Grants & Contributions, Not Restricted	11,643,762	11,372,957	2 %
Unrestricted Investment Earning	43,082	61,320	(30) %
Other	198,678	55,811	256 %
Total Revenues	<u>24,211,302</u>	<u>23,401,713</u>	3 %
Expenditures:			
Instruction	12,499,977	13,596,986	(8) %
Support Services	6,911,714	7,379,166	(6) %
Non-instructional	1,054,126	1,072,321	(2) %
Interest and Other Expenses on Long-term Liabilities	<u>572,349</u>	<u>633,033</u>	(10) %
Total Expenditures	<u>21,038,166</u>	<u>22,681,506</u>	(7) %
Increase in Net Assets	3,173,136	720,207	341 %
Net Assets, July 1	<u>10,287,173</u>	<u>9,566,966</u>	8 %
Net Assets, June 30	\$ <u>13,460,309</u>	\$ <u>10,287,173</u>	31 %

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 functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and District's taxpayers by each of these functions.

LAFAYETTE COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011

TABLE 3  
NET COST OF GOVERNMENTAL ACTIVITIES

	<u>TOTAL EXPENDITURES</u>		<u>PERCENTAGE CHANGE</u>
	<u>2011</u>	<u>2010</u>	
Instruction	\$ 12,499,977	\$ 13,596,986	(8) %
Support Service	6,911,714	7,379,166	(6) %
Non-instructional	1,054,126	1,072,321	(2) %
Interest on Long-Term Liabilities	<u>572,349</u>	<u>633,033</u>	(10) %
Total Expenditures	\$ <u>21,038,166</u>	\$ <u>22,681,506</u>	(7) %

	<u>NET (EXPENSE) REVENUE</u>		<u>PERCENTAGE CHANGE</u>
	<u>2011</u>	<u>2010</u>	
Instruction	\$ (9,661,414)	\$ (11,130,619)	(13) %
Support Service	(5,806,087)	(6,295,850)	(8) %
Non-instructional	79,018	41,918	89 %
Interest on Long-Term Liabilities	<u>(572,349)</u>	<u>(633,033)</u>	(10) %
Total Expenditures	\$ <u>(15,960,832)</u>	\$ <u>(18,017,584)</u>	(11) %

Net cost of governmental activities, (\$15,960,832 and \$18,017,584) was financed by general revenue, which is made up of primarily property taxes of (\$7,248,446 for 2011 and \$7,247,703 for 2010) and state and federal revenues of (\$11,643,762 for 2011 and \$11,372,957 for 2010).

Investment earnings amounted to \$43,082 for 2011 and \$61,320 for 2010.

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, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

LAFAYETTE COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011

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 \$6,019,648, an increase of \$2,463,936 which includes a decrease in inventory of \$5,743. \$3,073,584 or 51% 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 \$2,946,064 or 49% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is 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 \$2,316,480. The fund balance of Other Governmental Funds showed an increase in the amount of \$147,456, which includes a decrease in reserve for inventory of \$5,743, due primarily to inclusion of prior year major funds as non-major funds for 2010-11. The increase in the fund balances for the other major funds were as follows:

	<u>INCREASE (DECREASE)</u>
Major Funds:	
Title I: Basic	No increase or decrease
ARRA Part B Funds	No increase or decrease
IDEA Part B	No increase or decrease

BUDGETARY HIGHLIGHTS

During 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 major special revenue funds is provided in this report as required supplemental information.

LAFAYETTE COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS. As of June 30, 2011, the District's total capital assets were \$29,910,781, including land, school buildings, building improvements, buses, other school vehicles and furniture and equipment. This amount represents a decrease of \$150,103 from 2010. Total accumulated depreciation as of June 30, 2011, was \$8,307,001, and total depreciation expense for the year was \$774,399, resulting in total net capital assets of \$21,603,780.

TABLE 4  
CAPITAL ASSETS, NET OF DEPRECIATION

	<u>2011</u>	<u>2010</u>	<u>PERCENTAGE CHANGE</u>
Land	\$ 436,877	\$ 436,877	-
Buildings	16,168,689	16,571,797	(2) %
Building Improvements	1,763,380	1,855,919	(5) %
Improvements Other Than Building	2,272,183	2,381,168	(5) %
Mobile Equipment	886,764	1,040,018	(15) %
Furniture and Equipment	<u>75,887</u>	<u>87,927</u>	(14) %
Total	\$ <u>21,603,780</u>	\$ <u>22,373,706</u>	(3) %

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

DEBT ADMINISTRATION

At June 30, 2011, the District had \$14,037,685 in outstanding long-term debt, of which \$1,510,000 is due within one year. The liability for compensated absences increased \$6,448 from prior year.

The District maintains a AAA bond rating.

TABLE 5  
OUTSTANDING LONG-TERM DEBT

	<u>2011</u>	<u>2010</u>	<u>PERCENTAGE CHANGE</u>
General Obligation Bonds Payable	\$ 12,550,000	\$ 13,510,000	(7) %
Limited Obligation Bonds Payable	270,000	530,000	(49) %
Three Mill Notes Payable	1,000,000	1,255,000	(20) %
Compensated Absences Payable	<u>217,685</u>	<u>211,237</u>	3 %
Total	\$ <u>14,037,685</u>	\$ <u>15,506,237</u>	9 %

LAFAYETTE COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011

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

CURRENT ISSUES

The Lafayette 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 while practicing fiscal restraint for many years. The District's system of financial planning, budgeting and internal financial controls is 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 revenues.

Enrollment for 2010-2011 increased 9.6% to 2,492 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, contact the Superintendent's Office of the Lafayette County School District, 100 Commodore Drive, Oxford, MS 38655.

LAFAYETTE COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

LAFAYETTE COUNTY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS - EXHIBIT A  
June 30, 2011

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 4,826,550
Due from Other Governments	852,161
Other Receivables, Net	98,963
Inventories	22,950
Restricted Assets	308,064
Deferred Issuance Costs on Refunding Debt	33,715
Capital Assets-Non-Depreciable	
Land	436,877
Capital Assets, Net of Accum. Depreciation	
Buildings	16,168,689
Building Improvements	1,763,380
Improvements Other than Buildings	2,272,183
Mobile Equipment	886,764
Furniture and Equipment	<u>75,887</u>
<b>TOTAL ASSETS</b>	<u><b>27,746,183</b></u>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Liabilities	61,367
Unearned Revenue	27,673
Interest Payable on Long-term Liabilities	159,149
Long-Term Liabilities (Due within one year)	
Capital Related	1,510,000
Non-capital Related	-0-
Long-Term Liabilities (Due beyond one year)	
Capital Related	12,310,000
Non-capital Related	<u>217,685</u>
<b>TOTAL LIABILITIES</b>	<u><b>14,285,874</b></u>
<b>NET ASSETS</b>	
Invested in Capital Assets (Net of Related Debt)	7,783,780
Restricted For:	
Expendable:	
School - Based Activities	790,312
Debt Service	1,778,941
Capital Improvements	54,219
Unemployment Benefits	10,054
Unrestricted	<u>3,043,003</u>
<b>TOTAL NET ASSETS</b>	<u><b>\$ 13,460,309</b></u>

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
 STATEMENT OF ACTIVITIES - EXHIBIT B  
 For the Year Ended June 30, 2011

NET (EXPENSE) REVENUE  
 AND CHANGES IN NET  
 ASSETS

	<u>PROGRAM REVENUES</u>			<u>TOTAL</u>
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	
\$ 12,499,977	\$ 1,108,432	\$ 1,730,131	\$ (9,661,414)	
6,911,714	12,253	1,093,374	(5,806,087)	
1,054,126	281,989	851,155	79,018	
572,349	-0-	-0-	(572,349)	
<u>\$ 21,038,166</u>	<u>\$ 1,402,674</u>	<u>\$ 3,674,660</u>	<u>\$ (15,960,832)</u>	

FUNCTIONS/PROGRAMS

Governmental Activities:  
 Instruction  
 Support Services  
 Noninstructional Services  
 Interest on Long-Term Debt  
 Total Governmental Activities

General Revenues:

Taxes:  
 Property Taxes - General Purposes  
 Property Taxes - Debt Service  
 Unrestricted Grants and Contributions:  
 State  
 Federal  
 Unrestricted Investment Earnings  
 Other

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

5,130,726	10,811,310	3,173,136	
2,117,720	832,452	10,287,173	
	43,082		
	<u>198,678</u>		
	<u>19,133,968</u>		
			\$ <u>13,460,309</u>

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
BALANCE SHEET- GOVERNMENTAL FUNDS - EXHIBIT C  
June 30, 2011

	MAJOR FUNDS				TOTAL
	TITLE I	ARRA-	IDEA	OTHER	GOVERNMENTAL
	GENERAL	PART B	PART B	GOVERNMENTAL	FUNDS
	FUND	FUND	FUND	FUNDS	FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 2,343,380	\$ -0-	\$ -0-	\$ 2,483,170	\$ 4,826,550
Investments	-0-	-0-	-0-	308,064	308,064
Due from Other Governments	224,045	98,921	277,452	109,394	852,161
Other Receivables, Net	772	-0-	-0-	-0-	772
Due from Other Funds	671,923	-0-	-0-	5,494	677,417
Advances to Other Funds	65,165	-0-	-0-	-0-	65,165
Inventories	-0-	-0-	-0-	22,950	22,950
	\$ 3,305,285	\$ 98,921	\$ 277,452	\$ 2,929,072	\$ 6,753,079
Total Assets					
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued					
Liabilities	\$ 58,034	\$ -0-	\$ -0-	\$ 3,333	\$ 61,367
Due to Other Funds	103	98,921	277,452	60,401	579,226
Advances from Other Funds	-0-	-0-	-0-	65,165	65,165
Unearned Revenue	20,175	-0-	-0-	7,498	27,673
	\$ 78,312	\$ 98,921	\$ 277,452	\$ 136,397	\$ 733,431
Total Liabilities					

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
 BALANCE SHEET- GOVERNMENTAL FUNDS - EXHIBIT C  
 June 30, 2011

	MAJOR FUNDS					TOTAL GOVERNMENTAL FUNDS
	TITLE I GENERAL FUND	ARRA- PART B FUND	IDEA PART B FUND	OTHER GOVERNMENTAL FUNDS		
Fund Balances:						
Nonspendable:						
Inventory	\$ -0-	\$ -0-	\$ -0-	\$ 22,950	\$ 22,950	
Advances	-0-	-0-	-0-	65,165	65,165	
Restricted:						
Debt Service	-0-	-0-	-0-	1,938,090	1,938,090	
Capital Projects	-0-	-0-	-0-	54,219	54,219	
Unemployment Benefits	153,389	-0-	-0-	10,054	163,443	
Committed:						
Technology	-0-	-0-	-0-	122,273	122,273	
Assigned:						
Special Revenue	-0-	-0-	-0-	579,924	579,924	
Unassigned	3,073,584	-0-	-0-	-0-	3,073,584	
Total Fund Balances	3,226,973	-0-	-0-	2,792,675	6,019,648	
Total Liabilities and Fund Balances	\$ 3,305,285	\$ 98,921	\$ 277,452	\$ 2,929,072	\$ 6,753,079	

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - EXHIBIT C-1  
June 30, 2011

Total Fund Balances for Governmental Funds \$ 6,019,648

Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:

1. Capital Assets Used in Governmental Activities are not Financial Resources and, therefore, are not Reported in the Funds:

Land	\$ 436,877	
Buildings	20,922,414	
Building Improvements	2,313,477	
Improvements other than Buildings	2,724,586	
Mobile Equipment	2,957,833	
Furniture and Fixtures	555,594	
Accumulated Depreciation	<u>(8,307,001)</u>	21,603,780

2. Long-term Liabilities and related accrued interest are not Due and Payable in the Current Period and, therefore, are not Reported in the Funds:

General Obligation Bonds	(12,550,000)	
Limited Obligation Bonds	(270,000)	
Notes Payable	(1,000,000)	
Compensated Absences	(217,685)	
Unamortized Charges	33,715	
Accrued Interest Payable	<u>(159,149)</u>	<u>(14,163,119)</u>

Net Assets of Governmental Activities \$ 13,460,309

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS - EXHIBIT D  
 For the Year Ended June 30, 2011

	MAJOR FUNDS					TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	TITLE I BASIC FUND	ARRA- PART B FUND	IDEA PART B FUND	OTHER GOVERNMENTAL FUNDS	
<b>REVENUES</b>						
Local Sources	\$ 5,957,778	\$ -0-	\$ -0-	\$ -0-	\$ 2,922,849	\$ 8,880,627
State Sources	11,014,433	-0-	-0-	-0-	555,667	11,570,100
Federal Sources	246,685	442,274	346,049	446,735	2,266,578	3,748,321
Total Revenues	<u>17,218,896</u>	<u>442,274</u>	<u>346,049</u>	<u>446,735</u>	<u>5,745,094</u>	<u>24,199,048</u>
<b>EXPENDITURES</b>						
Instruction	8,862,822	247,591	99,030	174,372	2,763,974	12,147,789
Support Services	5,132,758	157,938	247,019	272,363	669,476	6,479,554
Noninstructional Services	-0-	-0-	-0-	-0-	1,057,227	1,057,227
Debt Service:						
Principal	-0-	-0-	-0-	-0-	1,475,000	1,475,000
Interest	-0-	-0-	-0-	-0-	576,250	576,250
Other	-0-	-0-	-0-	-0-	6,672	6,672
Total Expenditures	<u>13,995,580</u>	<u>405,529</u>	<u>346,049</u>	<u>446,735</u>	<u>6,518,599</u>	<u>21,742,492</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>3,223,316</u>	\$ <u>36,745</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>(803,505)</u>	\$ <u>2,456,556</u>

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS - EXHIBIT D  
 For the Year Ended June 30, 2011

	MAJOR FUNDS					TOTAL GOVERNMENTAL FUNDS
	TITLE I GENERAL FUND	ARRA- PART B FUND	IDEA PART B FUND	OTHER GOVERNMENTAL FUNDS		
OTHER FINANCING SOURCES (USES)	\$	-0-	\$	-0-	\$	-0-
Proceeds of Loans						
Insurance Recoveries	12,253	-0-	-0-	-0-		12,253
Sale of Other Property	870	-0-	-0-	-0-		870
Operating Transfers In	-0-	-0-	-0-	956,704		956,704
Operating Transfers Out	(919,959)	-0-	-0-	-0-		(956,704)
Total Other Financing Sources (Uses)	(906,836)	-0-	-0-	956,704		13,123
Net Change in Fund Balance	2,316,480	-0-	-0-	153,199		2,469,679
FUND BALANCES						
July 1, 2010	910,493	-0-	-0-	2,645,219		3,555,712
Increase (Decrease) in Reserve for Inventory	-0-	-0-	-0-	(5,743)		(5,743)
June 30, 2011	\$ 3,226,973	\$ -0-	\$ -0-	\$ 2,792,675		\$ 6,019,648

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
 RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
 STATEMENT OF ACTIVITIES - EXHIBIT D-1  
 For the Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds \$ 2,469,679

Amounts Reported for Governmental Activities in  
 the Statement of Activities are Different Because:

1. Governmental Funds Report Capital Outlays 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	\$ 29,250	
Depreciation Expense	<u>(774,399)</u>	(745,149)
  
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 Cost of the Assets Sold. (24,777)
  
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 on Net Assets. Also, Governmental Funds Report the Effect of Issuance Costs, Premiums, Discounts and the Difference Between the Carrying Value of Refunded Debt and the Acquisition Cost of Refunded Debt when Debt is First Issued. These Amounts are Deferred and Amortized in the Statement of Activities:
 

Payments of Debt Principal	1,475,000	
Accrued Interest Payable (Increase) Decrease	<u>16,717</u>	1,491,717
  
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:
 

Change in Compensated Absences	(6,448)	
Change in Inventory Reserve	(5,743)	
Amortization of Deferred Charges, Premiums and Discounts	<u>(6,144)</u>	(18,335)
  
5. Rounding Difference 1  
 Change in Net Assets of Governmental Activities \$ 3,173,136

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - EXHIBIT E  
June 30, 2011

	<u>AGENCY FUNDS</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ <u>980,674</u>
Total Assets	\$ <u>980,674</u>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Liabilities	\$ 864,020
Due to Other Funds	98,191
Due to Student Clubs	<u>18,463</u>
Total Liabilities	\$ <u>980,674</u>

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For 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.

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 reserve 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 (5) member board to which each member is elected by the citizens of each defined county district.

For financial reporting purposes, Lafayette 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.

LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For Year Ended June 30, 2011

C. Government-Wide and Fund Financial Statements.

Government-wide Financial Statements:

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

The Statement of Net Assets presents the District's 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.

LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For Year Ended June 30, 2011

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.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Title I-Basic Fund - This fund is used to account for the proceeds of Title I funds from the federal government that are programmatically and legally restricted to expenditures for specified purposes.

ARRA-Part B Fund - This fund is used to account for the proceeds from the federal government that are programmatically and legally restricted to expenditures for the excess cost of providing special education and related services to children with disabilities.

IDEA-Part B Fund - This fund is used to account for the proceeds of funds from the federal government that are programmatically and legally restricted to expenditures for specified purposes.

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

The District's fiduciary funds include the following:

Payroll Clearing - This account is used to clear all payroll checks.

Activity Agency Funds - Funds belonging to student clubs are kept in these accounts.

LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For Year Ended June 30, 2011

Accounts Payable Clearing - This account is used to clear all accounts payable checks of the District.

Insurance Clearing Fund-State Life and Health - These accounts are used to clear all payment to state for employee insurance.

Worker's Compensation Clearing - This fund is used to accumulate monthly liability for worker's compensation and to make the quarterly payment for the insurance.

Retirement and Payroll Tax Clearing - This fund is used to make the electronic payments for federal and state taxes and retirement benefits.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS:

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Permanent Funds - Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not the principal, may be used for purposes that support the district's programs. The District does not have permanent funds.

LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For Year Ended June 30, 2011

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.

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

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For Year Ended June 30, 2011

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.

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For Year Ended June 30, 2011

E. Encumbrances.

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

F. Assets, Liabilities and Net Assets/Fund Balances.

1. Cash, Cash Equivalents and Investments.

Cash and Cash Equivalents.

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

Investments.

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

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than 3 months when acquired.

Investments for the district are reported at fair market value.

LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For Year Ended June 30, 2011

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.

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, e.g. Qualified Zone Academy Bond Sinking Fund. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

LAFAYETTE COUNTY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For Year Ended June 30, 2011

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.

Depreciation is calculated on the straight-line basis for all assets, except land.

The following schedule details those thresholds:

	<u>CAPITALIZATION</u> <u>POLICY</u>	<u>ESTIMATED</u> <u>USEFUL LIFE</u>
Land	\$ -0-	-0-
Buildings	50,000	40 years
Building Improvements	25,000	20 years
Improvements Other than Buildings	25,000	20 years
Mobile Equipment	5,000	5-10 years
Furniture and Equipment	5,000	3-7 years
Leased Property Under Capital Leases	*	*

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For Year Ended June 30, 2011

7. Compensated Absences.

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

The liability for these compensated absences is recorded as a long-term liability 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 liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

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

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

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

9. Fund Balances.

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 purpose 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:

LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For Year Ended June 30, 2011

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 principle 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. This formal action is the vote of majority of members of Board of Education in favor of a commitment of fund balance and recorded in minutes of Board of Education.

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. Assignments of fund balance are created by the Superintendent and Business Manager pursuant to authorization by the Board of Education.

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.

LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For Year Ended June 30, 2011

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 and Investments.

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

Deposits.

The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school district's 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.

LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For Year Ended 30, 2011

Investments.

Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$4,826,550 and \$980,674, respectively. The bank balance was \$6,254,421.

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 institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2011, \$-0- of the district's bank balance of \$6,254,421 was exposed to custodial credit risk.

LAFAYETTE COUNTY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For Year Ended June 30, 2011

Restricted Asset Investments.

As of June 30, 2011, the district had the following investments.

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
Federal U.S. Treasury Cash Reserve #632	Less than 1	\$ <u>308,064</u>
Total Investments		\$ <u>308,064</u>

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. Of the District's investments in Federal U.S. Treasury Cash Reserve #632, \$308,064 of underlying securities are held by the investment's counterparty, Hancock Bank, Gulfport, Mississippi, not in the name of the District.

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For Year Ended June 30, 2011

NOTE 3. Interfund Receivables, Payables, and Transfers.

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	ARRA-Part B	\$ 98,921
	Title I-Basic	142,349
	IDEA-Part B	277,452
	Other Governmental Funds	60,401
	Fiduciary Funds	92,800
Other Governmental Funds	Fiduciary Funds	5,391
	General Fund	103
Total		\$ <u>677,417</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balances should be paid within three months.

B. Advances To/From Other Funds:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
General Fund	Other Governmental Funds	\$ <u>65,165</u>

The district loaned the School Lunch Fund money over several years from the general district maintenance fund to assist the lunch fund to meet its expenditures. The School Lunch Fund is to repay the amount as excess funds become available.

C. Interfund Transfers.

<u>TRANSFER OUT</u>	<u>TRANSFER IN</u>	<u>AMOUNT</u>
General Fund	Other Governmental Funds	\$ 919,959
Title I-Basic	Other Governmental Funds	36,745
Total		\$ <u>956,704</u>

LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For Year Ended June 30, 2011

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve amounts, (3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

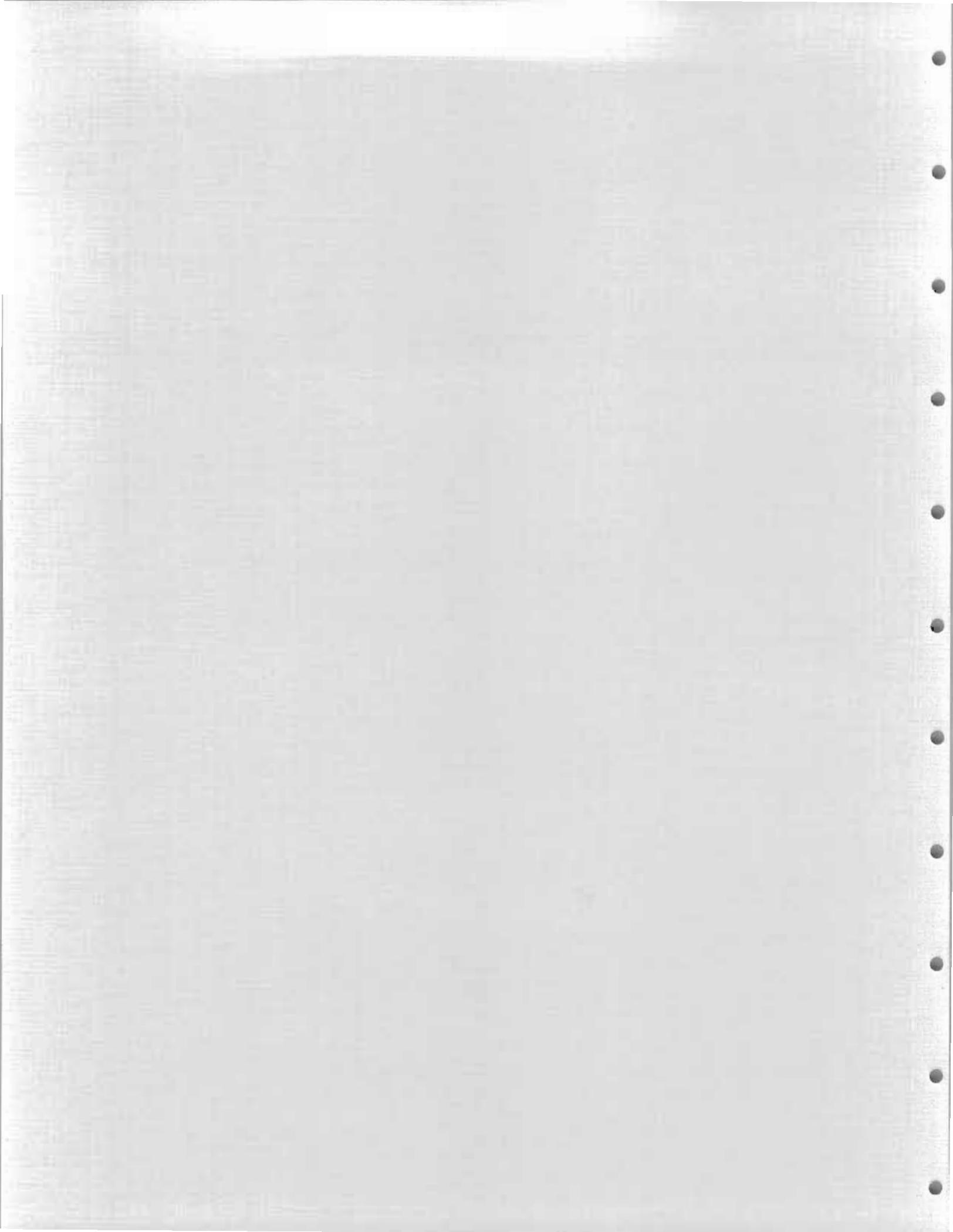
NOTE 4. Restricted Assets.

The restricted assets represents the investment balance, totaling \$308,064 of the MAEP Limited Obligation Bond/Note Fund.

NOTE 5. Capital Assets.

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

	BALANCE 7-1-2010	INCREASES	DECREASES	BALANCE 6-30-2011
Governmental Activities:	<u>7-1-2010</u>			<u>6-30-2011</u>
<u>Non-depreciable Capital Assets:</u>				
Land	\$ 436,877	\$ _____	\$ _____	\$ 436,877
Total Non-depreciable Capital Assets	<u>436,877</u>	<u>_____</u>	<u>_____</u>	<u>436,877</u>
<u>Depreciable Capital Assets:</u>				
Buildings	20,922,414			20,922,414
Building Improvements	2,313,477			2,313,477
Improvements Other Than Buildings	2,724,586			2,724,586
Mobile Equipment	3,052,023		94,190	2,957,833
Furniture and Equipment	611,507	29,250	85,163	555,594
Total Depreciable Capital Assets	<u>29,624,007</u>	<u>29,250</u>	<u>179,353</u>	<u>29,473,904</u>
<u>Less Accumulated Depreciation for:</u>				
Buildings	4,350,617	403,108		4,753,725
Building Improvements	457,558	92,539		550,097
Improvements Other Than Buildings	343,418	108,985		452,403
Mobile Equipment	2,012,005	143,835	84,771	2,071,069
Furniture and Equipment	523,580	25,932	69,805	479,707
Total Accumulated Depreciation	<u>7,687,178</u>	<u>774,399</u>	<u>154,576</u>	<u>8,307,001</u>
Total Depreciable Capital Assets, Net	<u>21,936,829</u>	<u>(745,149)</u>	<u>(24,777)</u>	<u>21,166,903</u>
Governmental Activities				
Capital Assets, Net	\$ <u>22,373,706</u>	\$ <u>(745,149)</u>	\$ <u>(24,777)</u>	\$ <u>21,603,780</u>



LAFAYETTE COUNTY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For Year Ended June 30, 2011

Depreciation expense was charged to the following governmental functions:

	<u>AMOUNT</u>
<b>GOVERNMENTAL ACTIVITIES:</b>	
Instruction	\$ 355,921
Support Services	412,141
Non-Instructional	6,337
Total Depreciation Expense	\$ 774,399

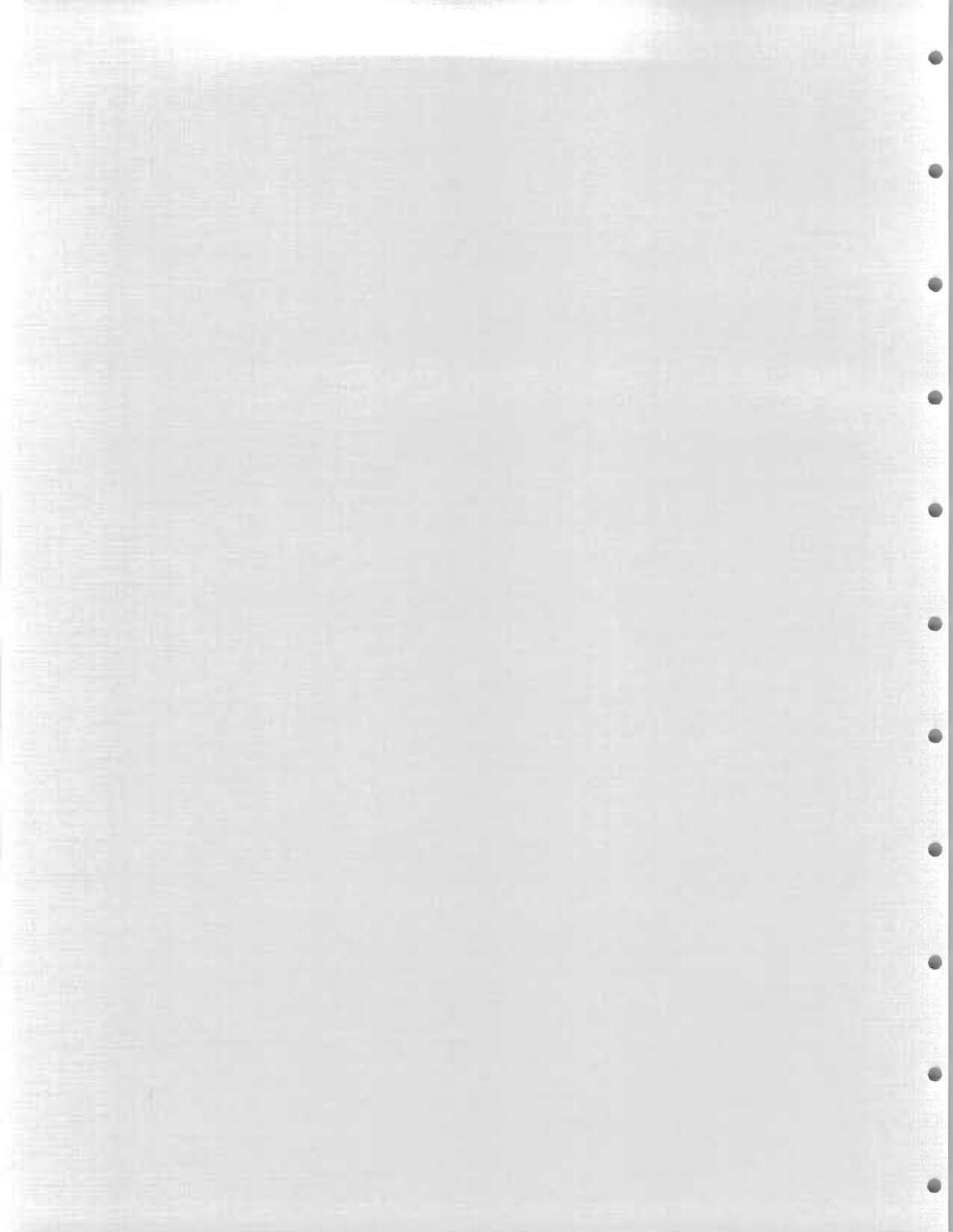
The capital assets above include significant amounts of buildings and of furniture and equipment which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition.

**NOTE 6. Long-Term Liabilities.**

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

	<u>BALANCE</u>		<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u>	<u>AMOUNTS</u>
	<u>7-1-10</u>				<u>6-30-11</u>	<u>DUE WITHIN</u>
						<u>ONE YEAR</u>
A. General Obligation Bonds						
Payable	\$ 13,510,000	\$		\$ 960,000	\$ 12,550,000	\$ 1,010,000
B. Limited Obligation Bonds						
Payable	530,000			260,000	270,000	270,000
C. Three-mill Notes Payable	1,255,000			255,000	1,000,000	230,000
D. Compensated Absences						
Payable	<u>211,237</u>		<u>6,448</u>	<u>          </u>	<u>217,685</u>	<u>-0-</u>
Total	<u>\$ 15,506,237</u>	<u>\$</u>	<u>6,448</u>	<u>\$ 1,475,000</u>	<u>\$ 14,037,685</u>	<u>\$ 1,510,000</u>

The District has pledged the District's Education Enhancement Funds (EEF Funds) to be received from state pursuant to Section 37-61-33 of Miss Code Ann. (1972), as amended, in the approximate amount of \$66,644 per year to the payment of the Series 2005 Bonds. The Series 2005 General Obligation Bonds were issued for the purpose of remodeling, constructing, and equipping school buildings and providing necessary utilities to these buildings. The term of the pledge is for the life of the bond issue, i.e. fifteen years. The estimated receipts by the District of EEF Funds over the life of the bond issue will be \$999,660 or 10.42% of total cost of principal and interest payment of the issue.



LAFAYETTE COUNTY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For Year Ended June 30, 2011

A. General Obligation Bonds Payable.

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

DESCRIPTION	INTEREST	ISSUE	MATURITY	AMOUNTS	
	RATE	DATE	DATE	ISSUED	OUTSTANDING
General Obligation Bonds:					
Series 2002, Refunding	1.65-4.3 %	11/21/02	10/1/15	\$ 5,320,000	\$ 2,365,000
Series 2004	5.25-4.25 %	8/15/04	8/15/21	6,500,000	5,400,000
Series 2005	4.80-3.75 %	6/1/05	4/15/20	<u>6,400,000</u>	<u>4,785,000</u>
Total				<u>\$18,220,000</u>	<u>\$12,550,000</u>

Details of the District's June 30, 2011, general obligation bonded indebtedness are as follows:

1. SERIES 2002 (REFUNDING):

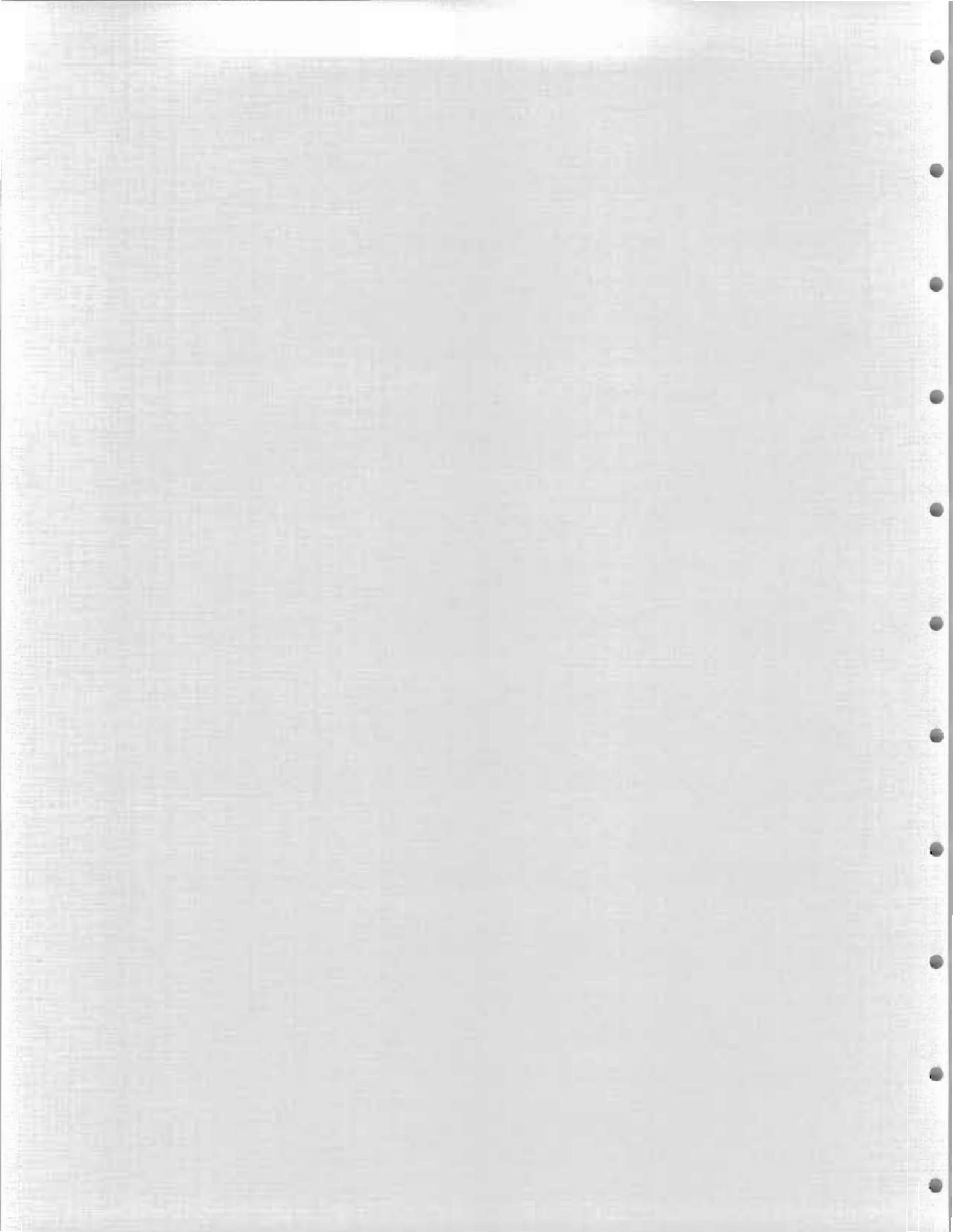
YEAR ENDING	PRINCIPAL	INTEREST	TOTAL
JUNE 30			
2012	\$ 435,000	\$ 87,896	\$ 522,896
2013	455,000	70,867	525,867
2014	470,000	52,360	522,360
2015	490,000	32,435	522,435
2016	515,000	11,073	526,073
Totals	\$ <u>2,365,000</u>	\$ <u>254,631</u>	\$ <u>2,619,631</u>

This debt will be retired from the Series 2002 Debt Service Fund.

2. SERIES 2004:

YEAR ENDING	PRINCIPAL	INTEREST	TOTAL
JUNE 30			
2012	\$ 260,000	\$ 214,413	\$ 474,413
2013	265,000	204,569	469,569
2014	350,000	193,037	543,037
2015	375,000	179,444	554,444
2016	400,000	164,662	564,662
2017-2021	3,025,000	489,800	3,514,800
2022	725,000	15,406	740,406
Totals	\$ <u>5,400,000</u>	\$ <u>1,461,331</u>	\$ <u>6,861,331</u>

This debt will be retired from the Series 2004 Debt Service Fund.



LAFAYETTE COUNTY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For Year Ended June 30, 2011

3. SERIES 2005:

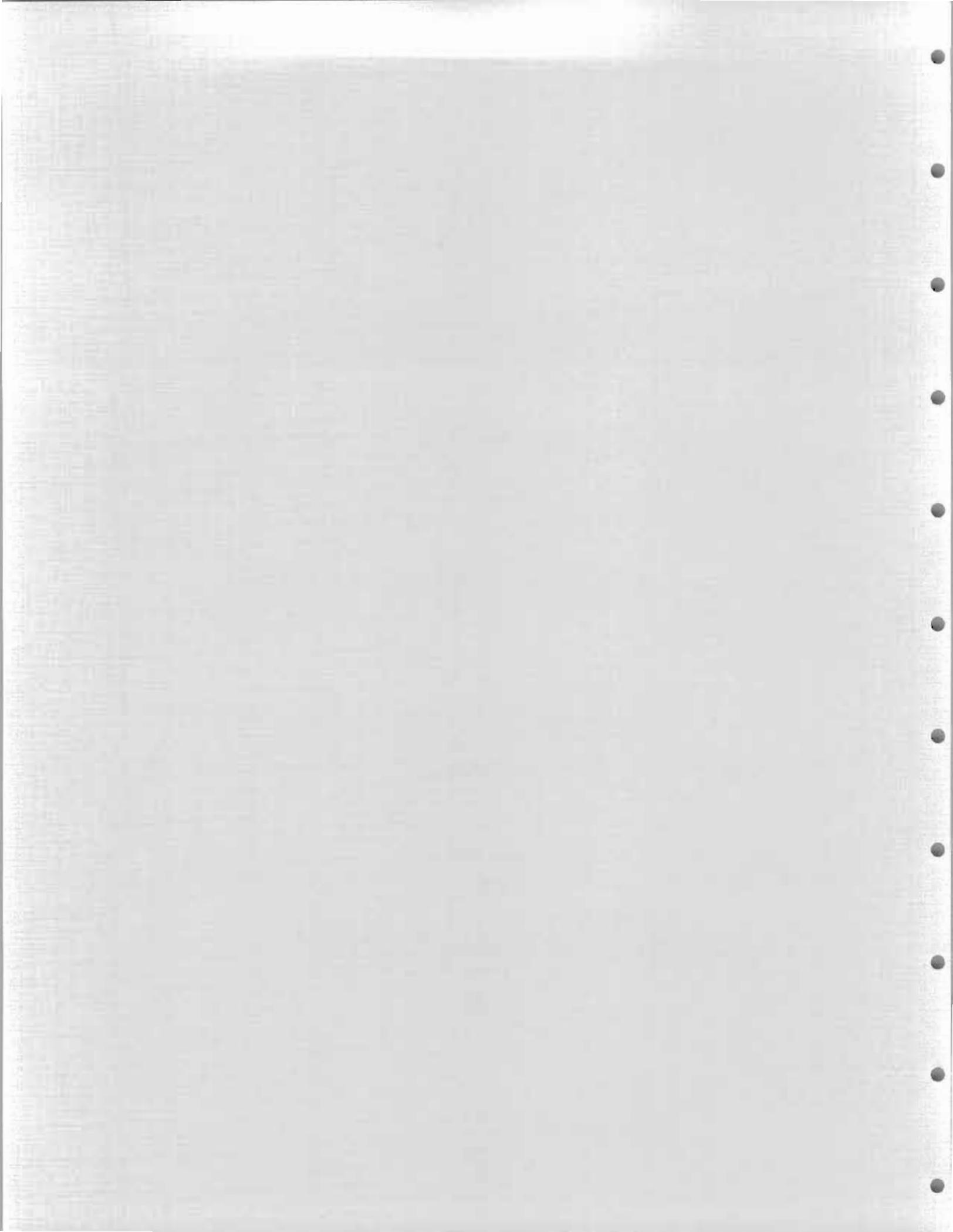
YEAR ENDING			
JUNE 30	PRINCIPAL	INTEREST	TOTAL
2012	\$ 315,000	\$ 180,360	\$ 495,360
2013	265,000	165,240	430,240
2014	275,000	152,520	427,520
2015	285,000	143,239	428,239
2016	665,000	133,620	798,620
2017-2020	<u>2,980,000</u>	<u>284,155</u>	<u>3,264,155</u>
Totals	\$ <u>4,785,000</u>	\$ <u>1,059,134</u>	\$ <u>5,844,134</u>

This debt will be retired from the Series 2005 Debt Service Fund.

Total general obligation bond payments for all issues:

YEAR ENDING			
JUNE 30	PRINCIPAL	INTEREST	TOTAL
2012	\$ 1,010,000	\$ 482,669	\$ 1,492,669
2013	985,000	440,676	1,425,676
2014	1,095,000	397,917	1,492,917
2015	1,150,000	355,118	1,505,118
2016	1,580,000	309,355	1,889,355
2017-2021	6,005,000	773,955	6,778,955
2022	725,000	15,406	740,406
Totals	\$ <u>12,550,000</u>	\$ <u>2,775,096</u>	\$ <u>15,325,096</u>

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. The Lafayette School District may, however, have an outstanding bonded indebtedness amount not to exceed 20% according to Section 37-59-7, Miss. Code Ann. (1972), since more than 9% of the total land area of the district is owned by the federal government and situated in a flood control reservoir or maintained as a part of the national forest system. As of June 30, 2011, the amount of outstanding bonded indebtedness was equal to 12% of property assessments as of October 1, 2010.



LAFAYETTE COUNTY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For Year Ended June 30, 2011

B. Limited Obligation Bonds Payable.

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

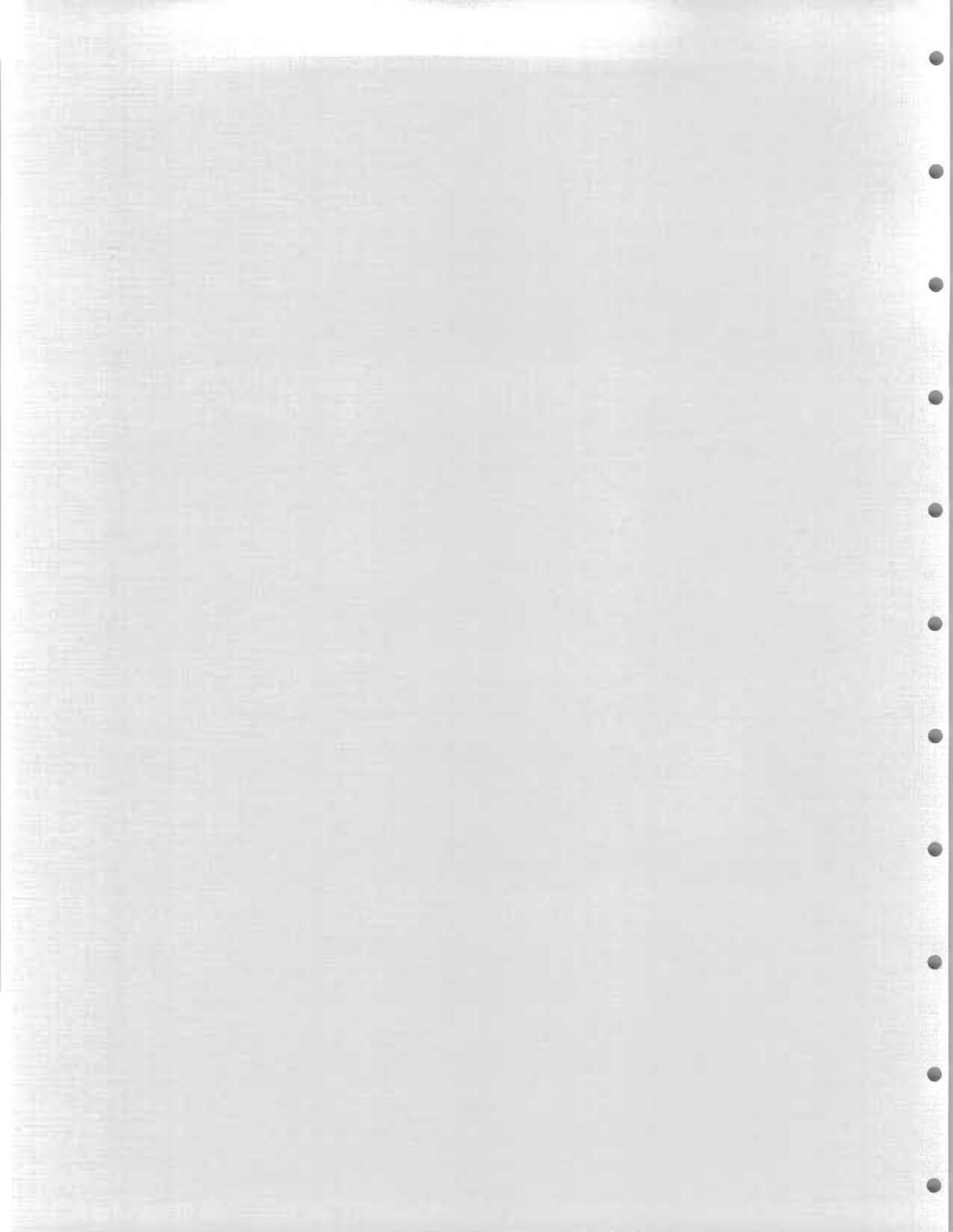
<u>DESCRIPTION</u>	<u>INTEREST</u>	<u>ISSUE</u>	<u>MATURITY</u>	<u>AMOUNTS</u>	
	<u>RATE</u>	<u>DATE</u>	<u>DATE</u>	<u>ISSUED</u>	<u>OUTSTANDING</u>
State Aid Capital Improvement-Series 1998	Varies	4/22/98	8/1/11	\$ <u>2,475,000</u>	\$ <u>270,000</u>
Total				\$ <u>2,475,000</u>	\$ <u>270,000</u>

Details of the District's June 30, 2011, limited obligation bonds indebtedness is as follows:

<u>YEAR ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
<u>JUNE 30</u> 2012	\$ <u>270,000</u>	\$ <u>5,805</u>	\$ <u>275,805</u>
Totals	\$ <u>270,000</u>	\$ <u>5,805</u>	\$ <u>275,805</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 bonds are not included in the computation of the debt limit percentage.



LAFAYETTE COUNTY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For Year Ended June 30, 2011

C. Three-mill Notes Payable.

Debt currently outstanding is as follows:

DESCRIPTION	INTEREST	ISSUE	MATURITY	AMOUNTS	
	RATE	DATE	DATE	ISSUED	OUTSTANDING
Limited Tax Notes					
Series 2009	2.75%	2/02/09	2/02/16	\$ 1,000,000	\$ 1,000,000
Total				\$ 1,000,000	\$ 1,000,000

Details of the District's June 30, 2011, three-mill notes payable are as follows:

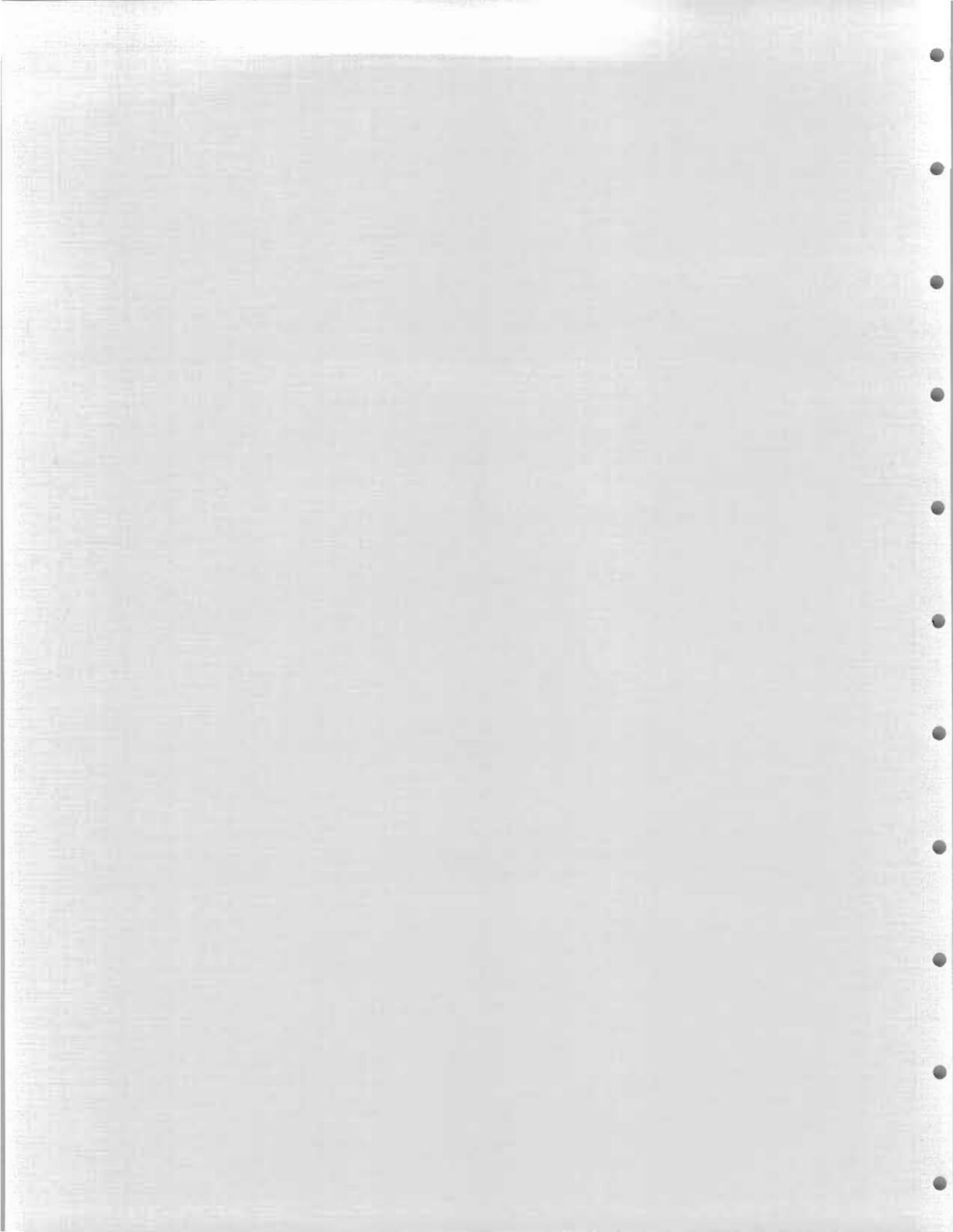
1. Three-mill Notes Payable - Series 2009

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2012	\$ 230,000	\$ 27,500	\$ 257,500
2013	245,000	21,175	266,175
2014	200,000	14,438	214,438
2015	175,000	8,938	183,938
2016	150,000	4,125	154,125
Totals	\$ 1,000,000	\$ 76,176	\$ 1,076,176

This debt will be retired from the Three-Mill Fund. The proceeds of this borrowing was used to build an addition to Lafayette High School.

D. Compensated Absences Payable.

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



LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For 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 supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601)359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 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 \$1,396,104, \$1,539,191 and \$1,488,453, respectively, which equaled the required contributions for each year.

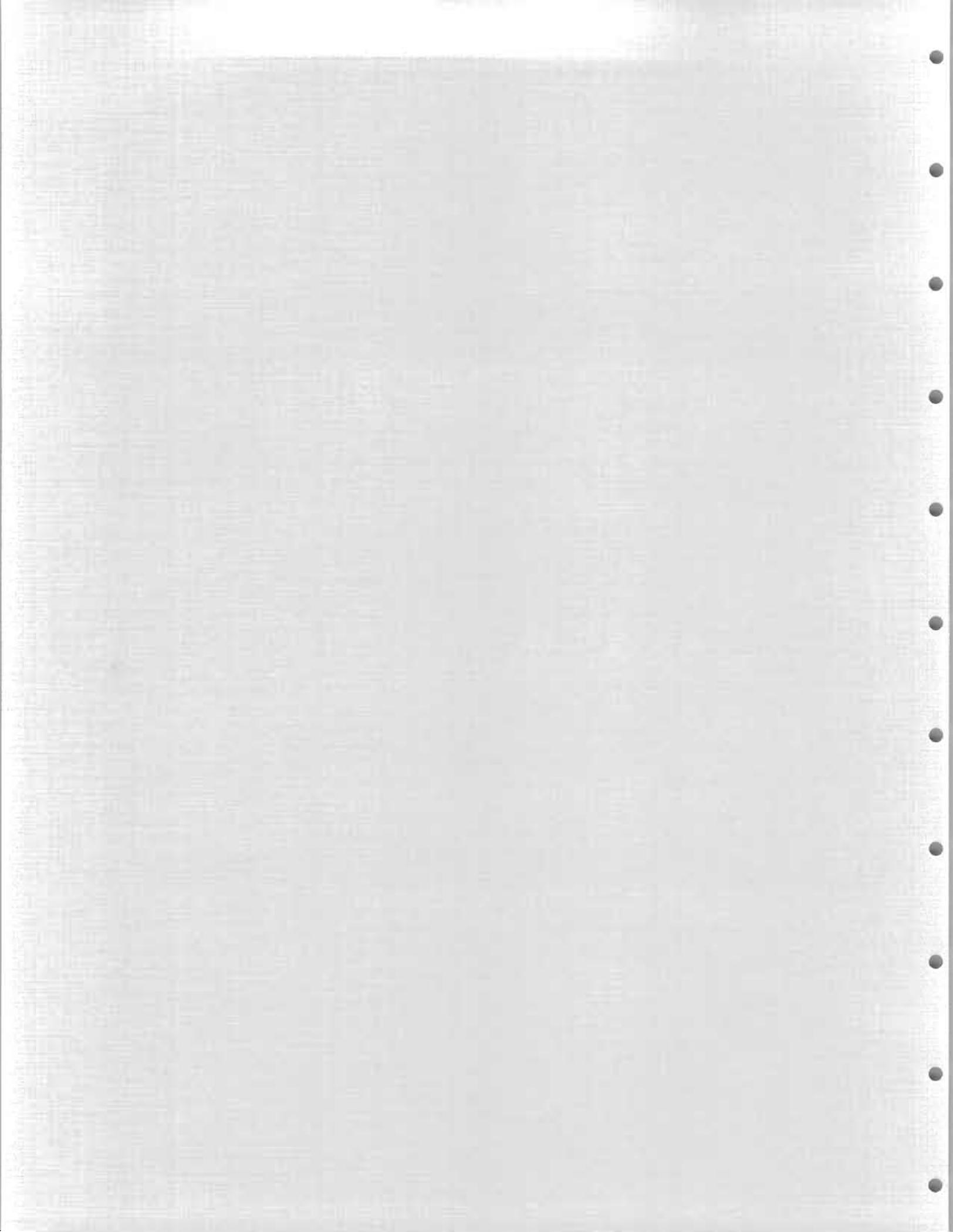
NOTE 8. Contingencies.

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 not involved in any litigation that would materially affect the financial position of the District.



LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For 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.

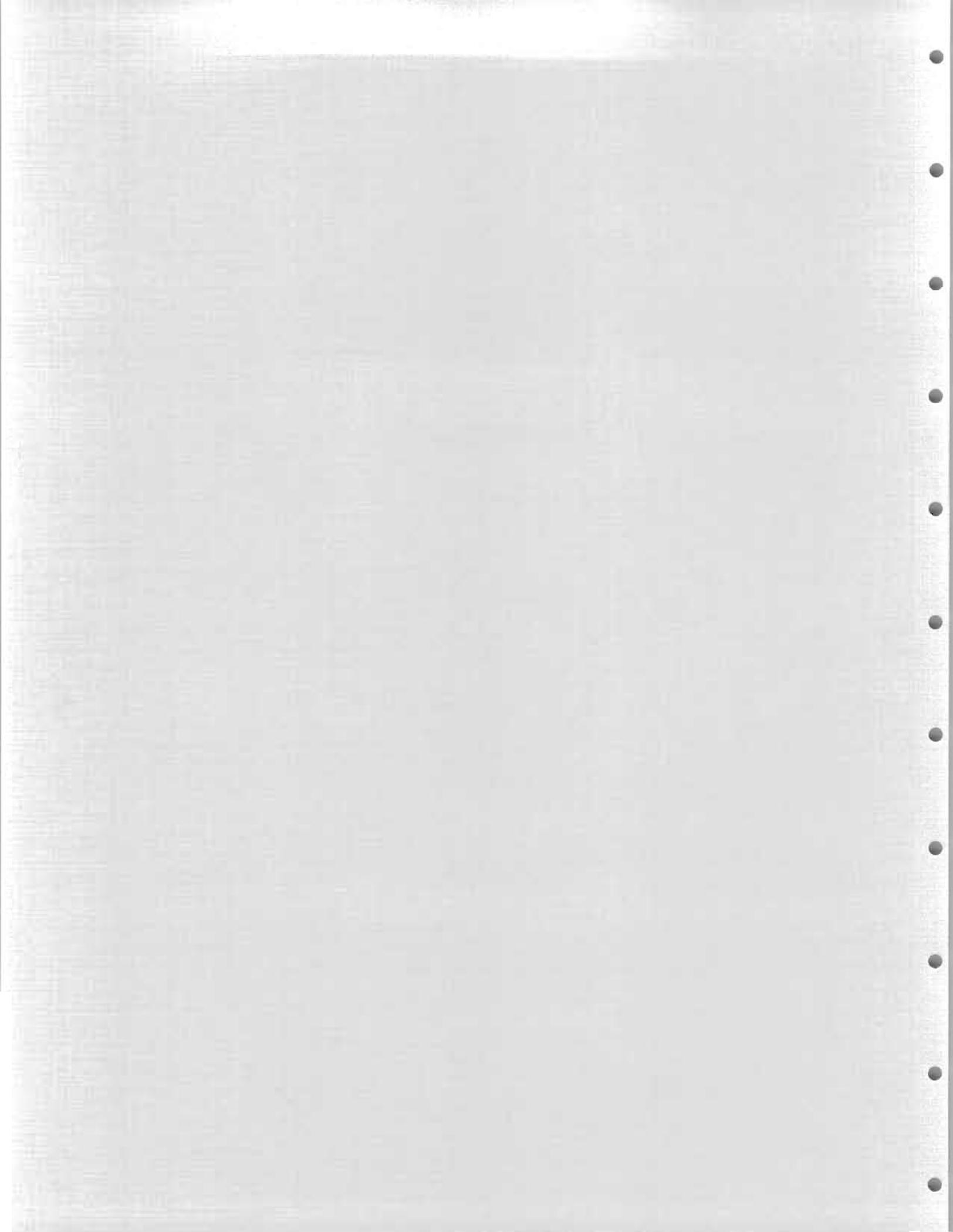
Participation in Public Entity Risk Pool.

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 72 school districts and covers risks of loss arising from injuries to the member's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies.

The district has not had an additional assessment for excess losses incurred by the pool.

NOTE 10. Deferred Amount on Refunding.

On December 1, 2002, the district defeased its 1995 General Obligation Bonds with the issuance of 2002 General Obligation Refunding Bonds. The issuance cost of \$89,396 is being amortized at \$512 a month.



LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For Year Ended June 30, 2011

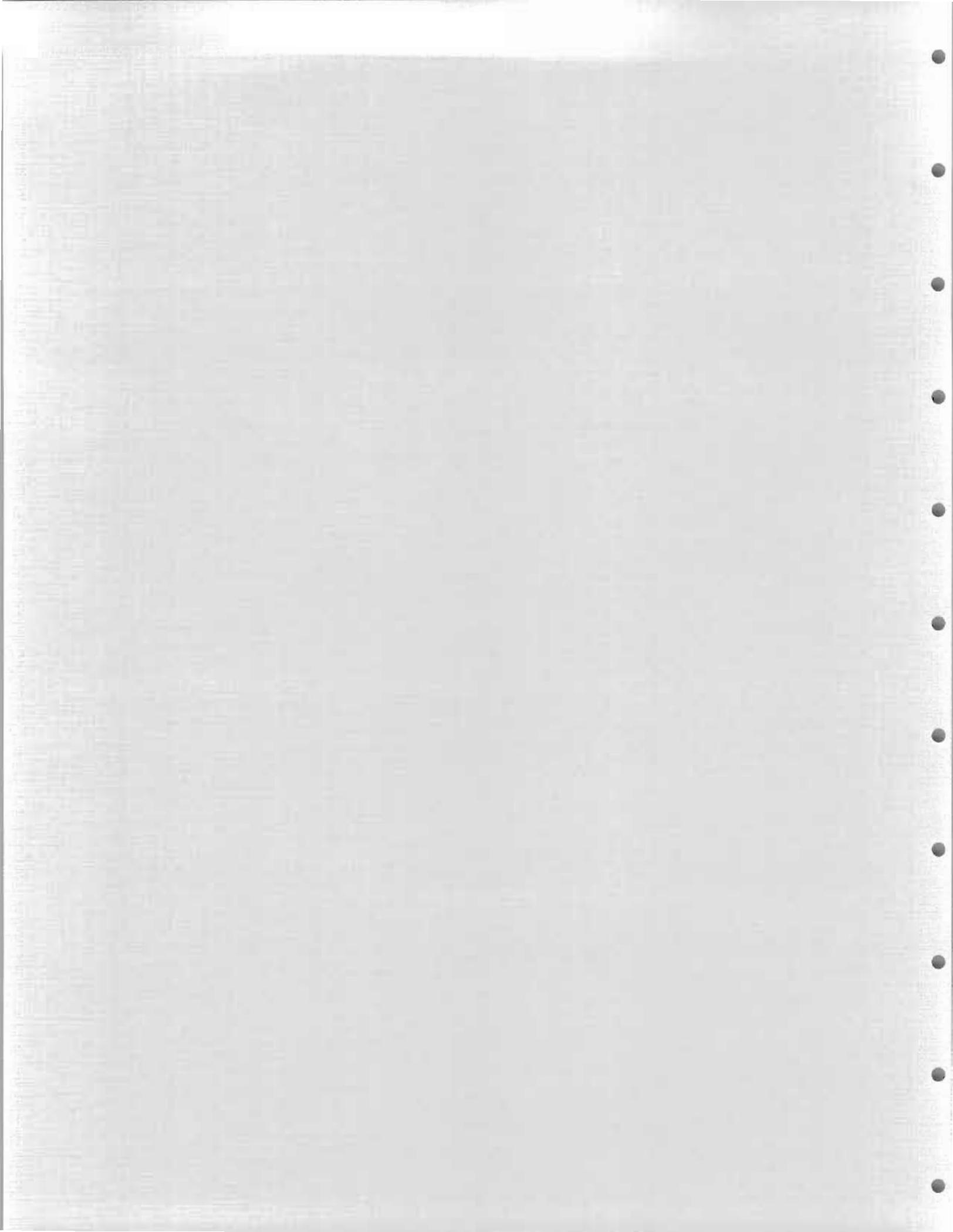
NOTE 11. Vocational School Consortium.

The school district entered into a Vocational Educational Agreement dated September 28, 1971, creating the Oxford-Lafayette County Vocational-Technical Center which has been renamed the Oxford-Lafayette County School of Applied Technology. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Oxford School District and Lafayette 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 Lafayette County School District has been designated as the fiscal agent for the Oxford-Lafayette Co. School of Applied Technology, and the operations of the center are included in its financial statements.

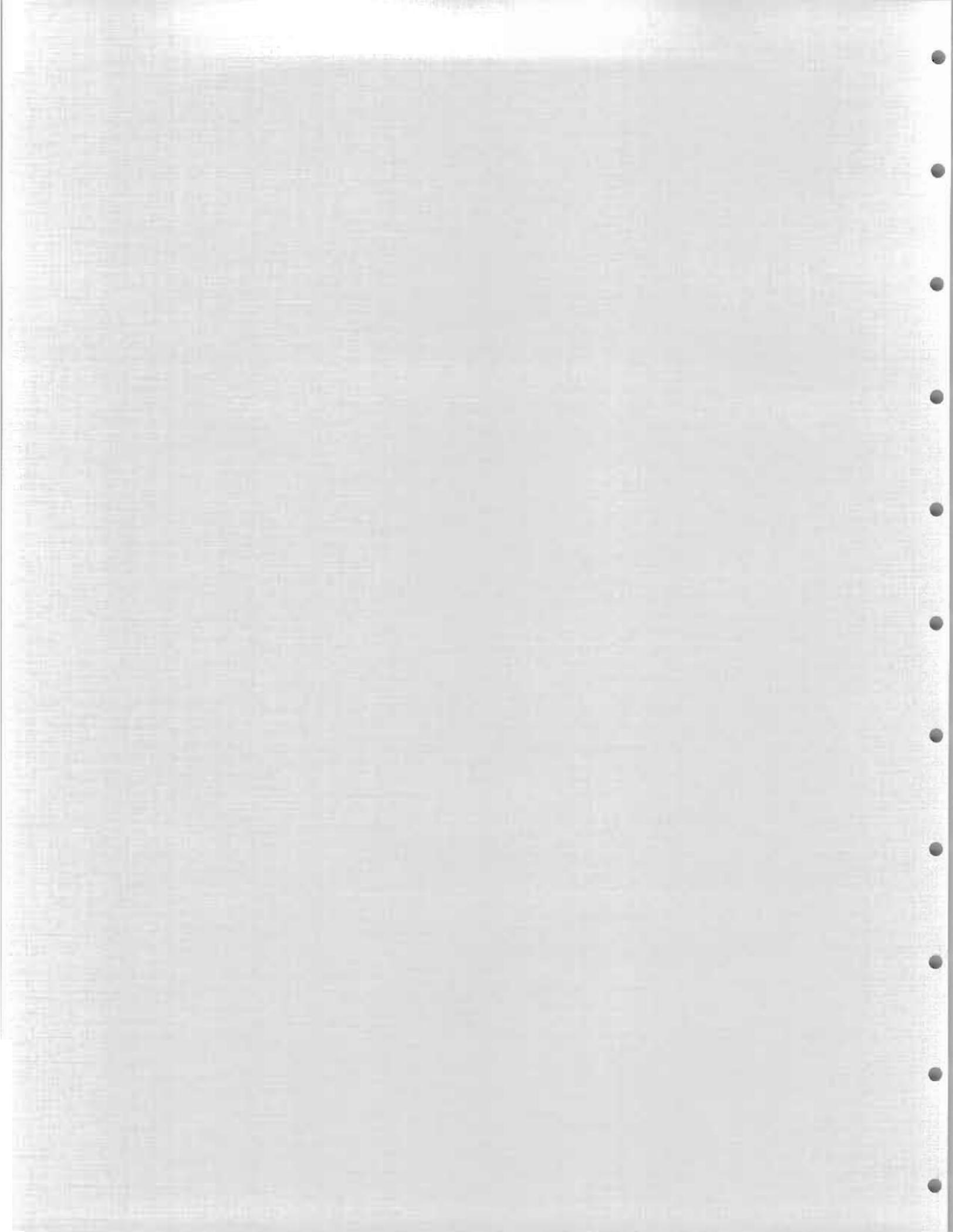
The following Statement of Revenues, Expenditures and Changes in Fund Balance is presented to detail the financial activity of the Oxford-Lafayette Co. School of Applied Technology.



LAFAYETTE COUNTY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For Year Ended June 30, 2011

Statement of Revenues, Expenditures and Changes in Fund Balance-  
 Governmental Funds  
 Oxford-Lafayette Co. School of Applied Technology  
 For the Year ended June 30, 2011

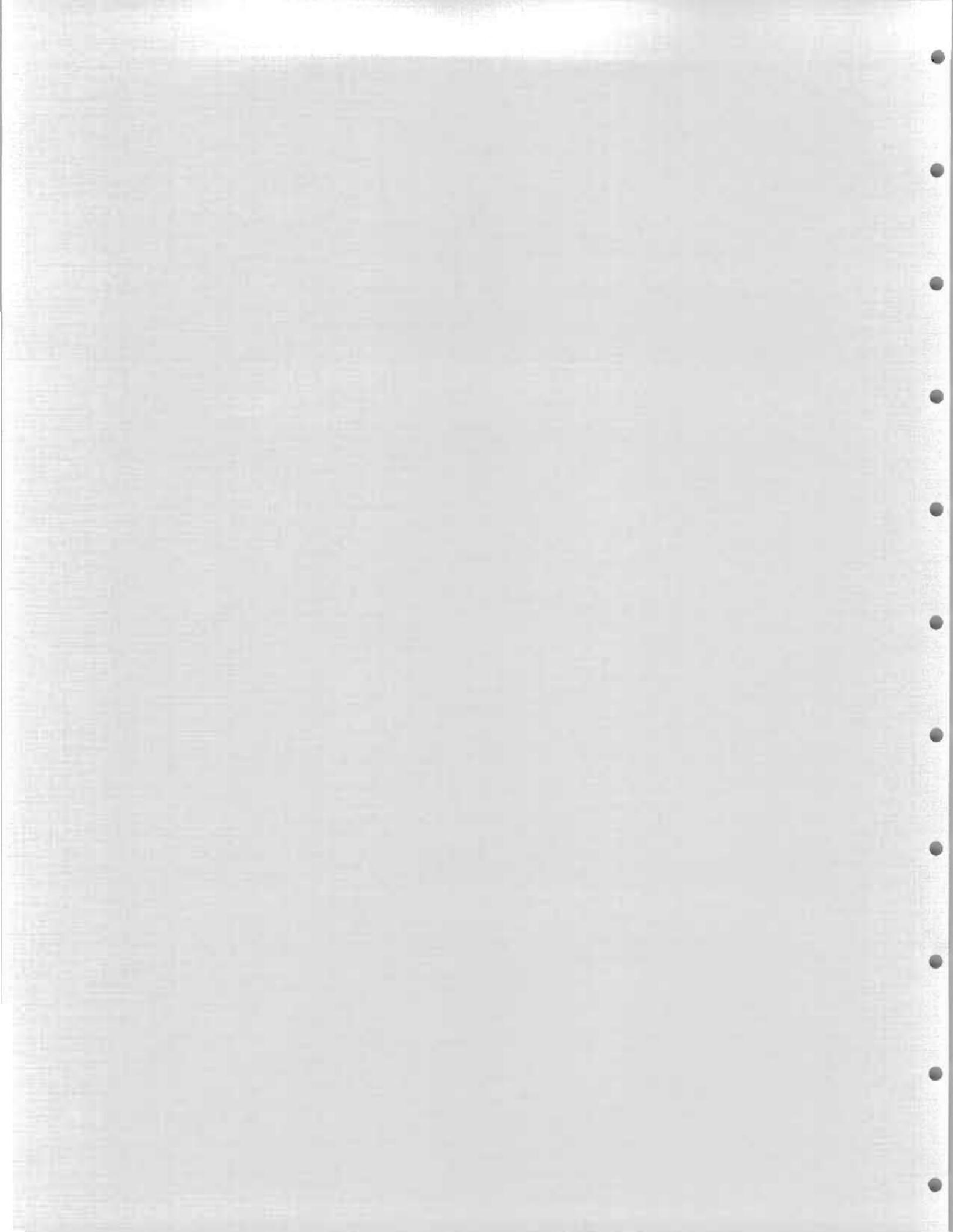
Revenues	
Local Sources:	
Tuition from Other LEA's Within the State:	
Oxford School District	\$ 250,000
Lafayette County School District	<u>250,000</u>
Total Tuition from Other LEA's Within the State	500,000
Interest	3,700
Miscellaneous	<u>2,499</u>
Total Local Sources	506,199
State Sources	236,055
Federal Sources	<u>52,291</u>
Total Revenues	<u>794,545</u>
Expenditures	
Salaries	671,188
Employee Benefits	189,044
Purchased Property Services	64,160
Other Purchased Services	23,086
Supplies	38,529
Property	15,239
Other	<u>1,440</u>
Total Expenditures	<u>1,002,686</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(208,141)</u>
Other Financing Sources	
Transfers In	<u>271,041</u>
Total Other Financing Sources	<u>271,041</u>
Net Change in Fund Balance	62,900
Fund Balance	
July 1, 2010	<u>307,449</u>
June 30, 2011	\$ <u>370,349</u>



LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For Year Ended June 30, 2011

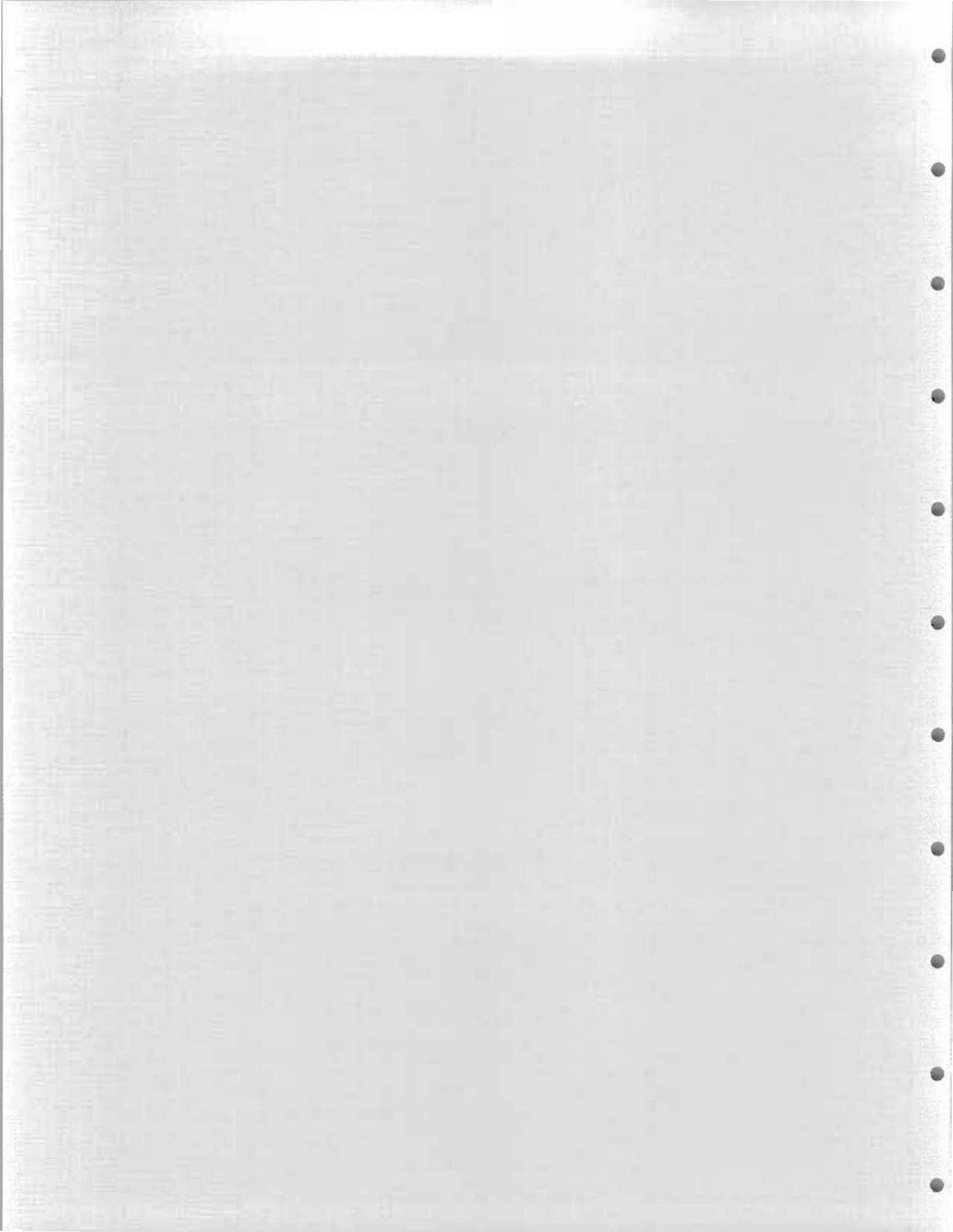
NOTE 12. Insurance Loss Recoveries.

The Lafayette School District received \$12,253 in insurance loss recoveries related to school bus damage during the 2010-2011 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and classified as support services.



LAFAYETTE COUNTY SCHOOL DISTRICT

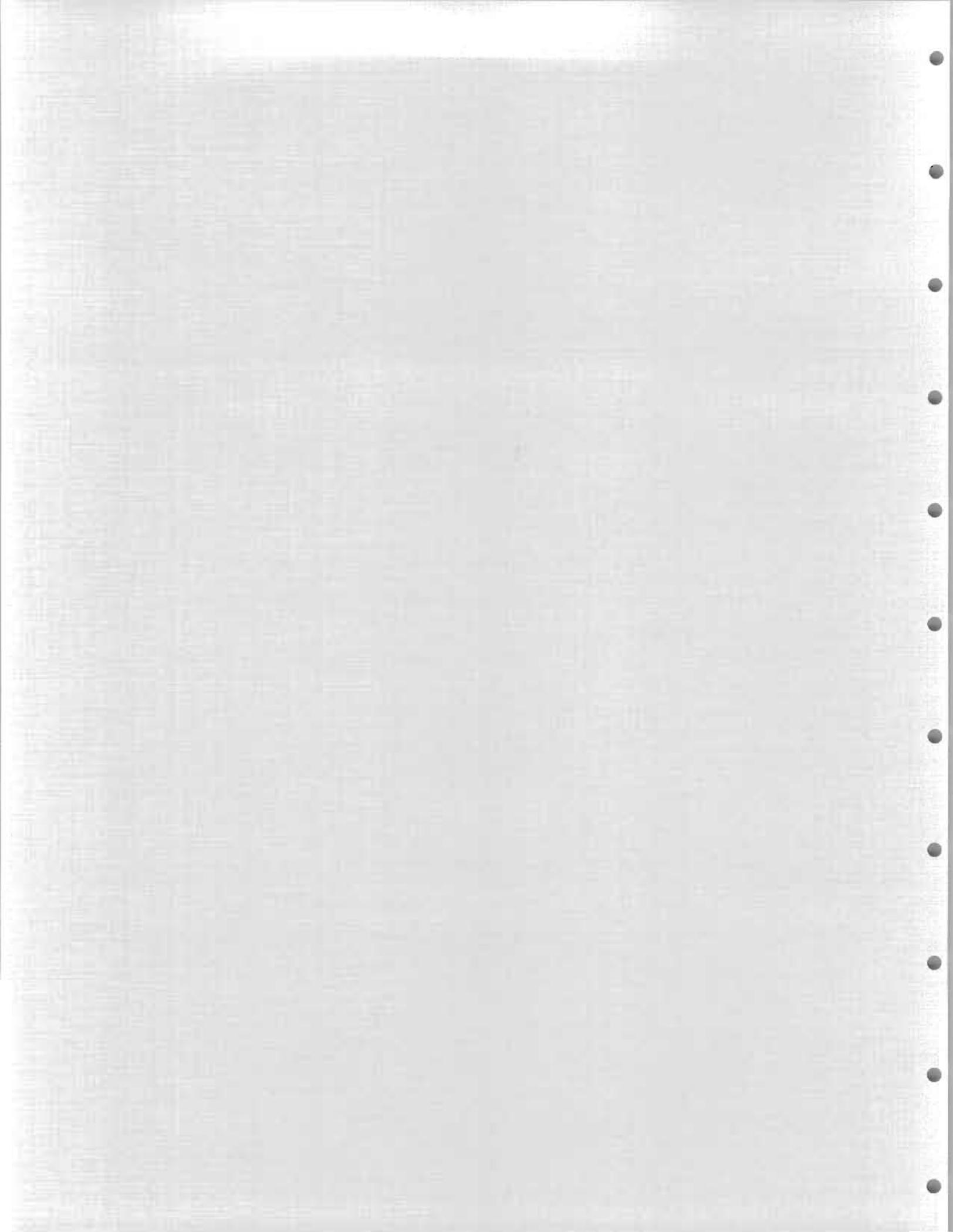
REQUIRED SUPPLEMENTAL INFORMATION



LAFAYETTE COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
 For the Year Ended June 30, 2011

	BUDGETED AMOUNTS		ACTUAL (GAAP BASIS)	VARIANCE	
				POSITIVE (NEGATIVE) ORIGINAL	FINAL
	ORIGINAL	FINAL		TO FINAL	TO ACTUAL
<b>REVENUES:</b>					
Local Sources	\$ 6,068,114	\$ 5,957,778	\$ 5,957,778	\$ (110,336)	\$ -0-
State Sources	11,376,534	11,014,433	11,014,433	(362,101)	-0-
Federal Sources	<u>246,300</u>	<u>246,685</u>	<u>246,685</u>	<u>385</u>	<u>-0-</u>
Total Revenues	<u>17,690,948</u>	<u>17,218,896</u>	<u>17,218,896</u>	<u>(472,052)</u>	<u>-0-</u>
<b>EXPENDITURES:</b>					
Instruction	11,007,255	8,862,822	8,862,822	2,144,433	-0-
Support Services	5,812,725	5,132,758	5,132,758	679,967	-0-
Non-Instructional Services	-0-	-0-	-0-	-0-	-0-
Facilities Acquisition & Construction	-0-	-0-	-0-	-0-	-0-
<b>Debt Service:</b>					
Principal	-0-	-0-	-0-	-0-	-0-
Interest	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures	<u>16,819,980</u>	<u>13,995,580</u>	<u>13,995,580</u>	<u>2,824,400</u>	<u>-0-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>870,968</u>	<u>3,223,316</u>	<u>3,223,316</u>	<u>2,352,348</u>	<u>-0-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance Loss Recoveries	-0-	12,253	12,253	12,253	-0-
Sale of Other Property	-0-	870	870	870	-0-
Operating Transfers In	1,604,191	-0-	-0-	(1,604,191)	-0-
Operating Transfers Out	<u>(2,459,888)</u>	<u>(919,959)</u>	<u>(919,959)</u>	<u>1,539,929</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>(855,697)</u>	<u>(906,836)</u>	<u>(906,836)</u>	<u>(51,139)</u>	<u>-0-</u>
Net Change in Fund Balances	15,271	2,316,480	2,316,480	2,301,209	-0-
<b>FUND BALANCES</b>					
July 1, 2010	<u>910,493</u>	<u>910,493</u>	<u>910,493</u>	<u>-0-</u>	<u>-0-</u>
June 30, 2011	<u>\$ 925,764</u>	<u>\$ 3,226,973</u>	<u>\$ 3,226,973</u>	<u>\$ 2,301,209</u>	<u>\$ -0-</u>

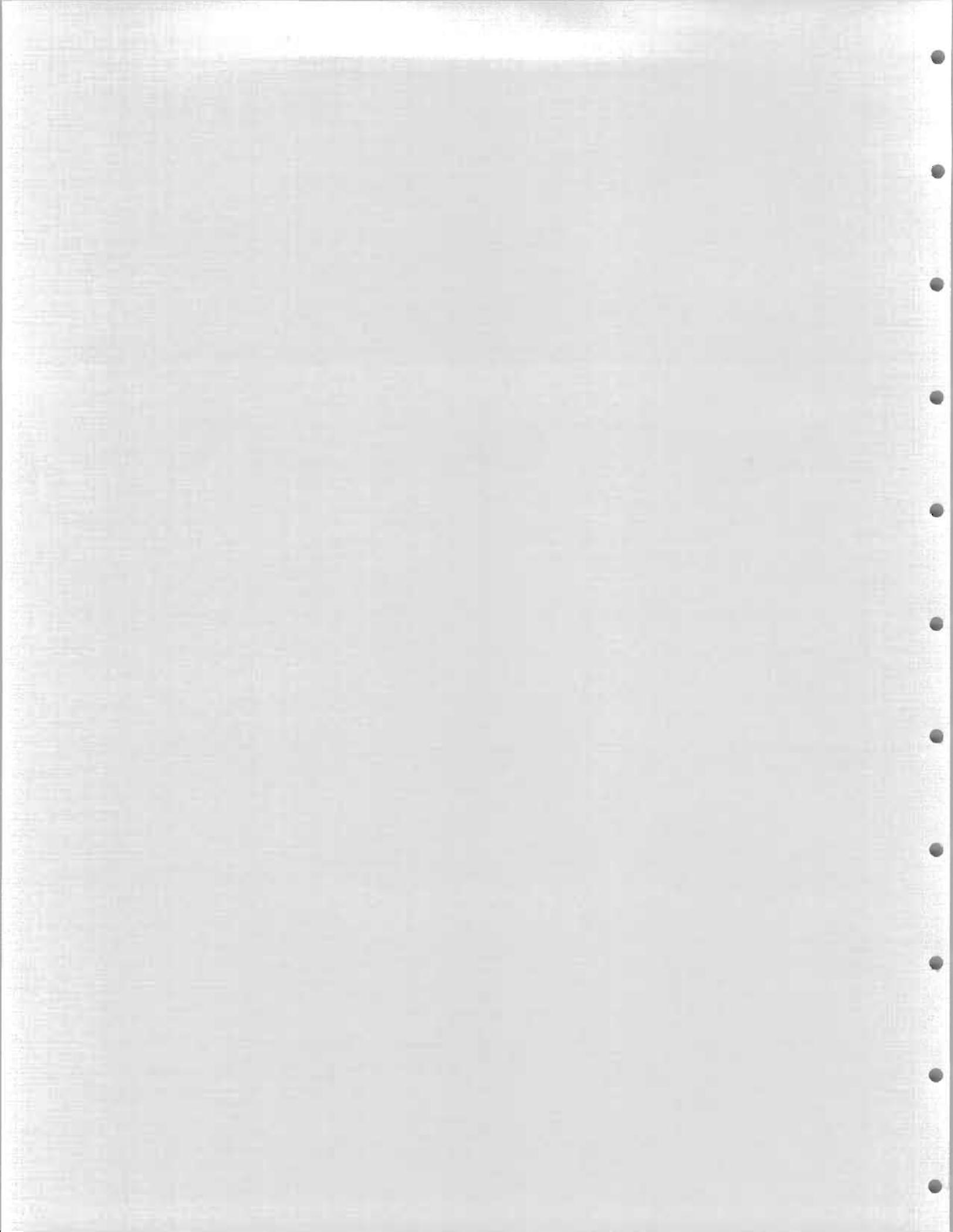
The notes to the required supplemental information are an integral part of this statement.



LAFAYETTE COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE FOR THE TITLE I-BASIC FUND  
 For the Year Ended June 30, 2011

	BUDGETED AMOUNTS		ACTUAL (GAAP BASIS)	VARIANCE POSITIVE (NEGATIVE)	
	ORIGINAL	FINAL		ORIGINAL TO FINAL	FINAL TO ACTUAL
<b>REVENUES:</b>					
Federal Sources	\$ 418,327	\$ 442,274	\$ 442,274	\$ 23,947	\$ -0-
Total Revenues	<u>418,327</u>	<u>442,274</u>	<u>442,274</u>	<u>23,947</u>	<u>-0-</u>
<b>EXPENDITURES:</b>					
Instruction	167,456	247,591	247,591	(80,135)	-0-
Support Services	<u>187,009</u>	<u>157,938</u>	<u>157,938</u>	<u>29,071</u>	<u>-0-</u>
Total Expenditures	<u>354,465</u>	<u>405,529</u>	<u>405,529</u>	<u>(51,064)</u>	<u>-0-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>63,862</u>	<u>36,745</u>	<u>36,745</u>	<u>(27,117)</u>	<u>-0-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers Out	<u>(63,862)</u>	<u>(36,745)</u>	<u>(36,745)</u>	<u>27,117</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>(63,862)</u>	<u>(36,745)</u>	<u>(36,745)</u>	<u>27,117</u>	<u>-0-</u>
Net Change in Fund Balances	-0-	-0-	-0-	-0-	-0-
<b>FUND BALANCES</b>					
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>

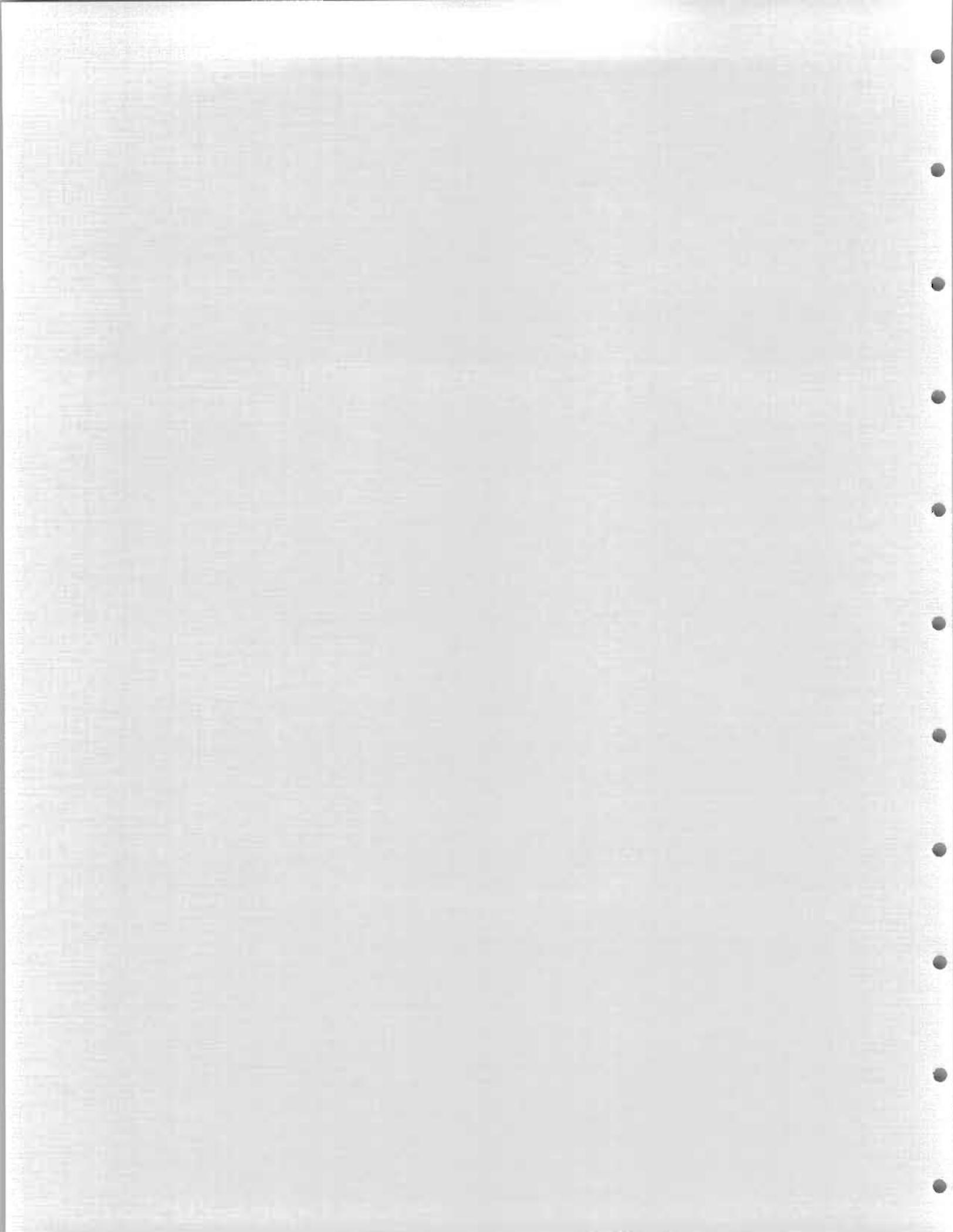
The notes to the required supplemental information are an integral part of this statement.



LAFAYETTE COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE FOR THE ARRA-PART B  
 For the Year Ended June 30, 2011

	BUDGETED AMOUNTS		ACTUAL (GAAP BASIS)	VARIANCE	
				POSITIVE (NEGATIVE)	
	ORIGINAL	FINAL		ORIGINAL TO FINAL	FINAL TO ACTUAL
<b>REVENUES:</b>					
Federal Sources	\$ 452,578	\$ 346,049	\$ 346,049	\$ (106,529)	\$ -0-
Total Revenues	452,578	346,049	346,049	(106,529)	-0-
<b>EXPENDITURES:</b>					
Instruction	278,974	99,030	99,030	179,944	-0-
Support Services	173,604	247,019	247,019	(73,415)	-0-
Total Expenditures	452,578	346,049	346,049	106,529	-0-
Excess (Deficiency) of Revenues Over Expenditures	-0-	-0-	-0-	-0-	-0-
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers Out	-0-	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	-0-	-0-	-0-	-0-	-0-
Net Change in Fund Balances	-0-	-0-	-0-	-0-	-0-
<b>FUND BALANCES</b>					
July 1, 2010	-0-	-0-	-0-	-0-	-0-
June 30, 2011	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

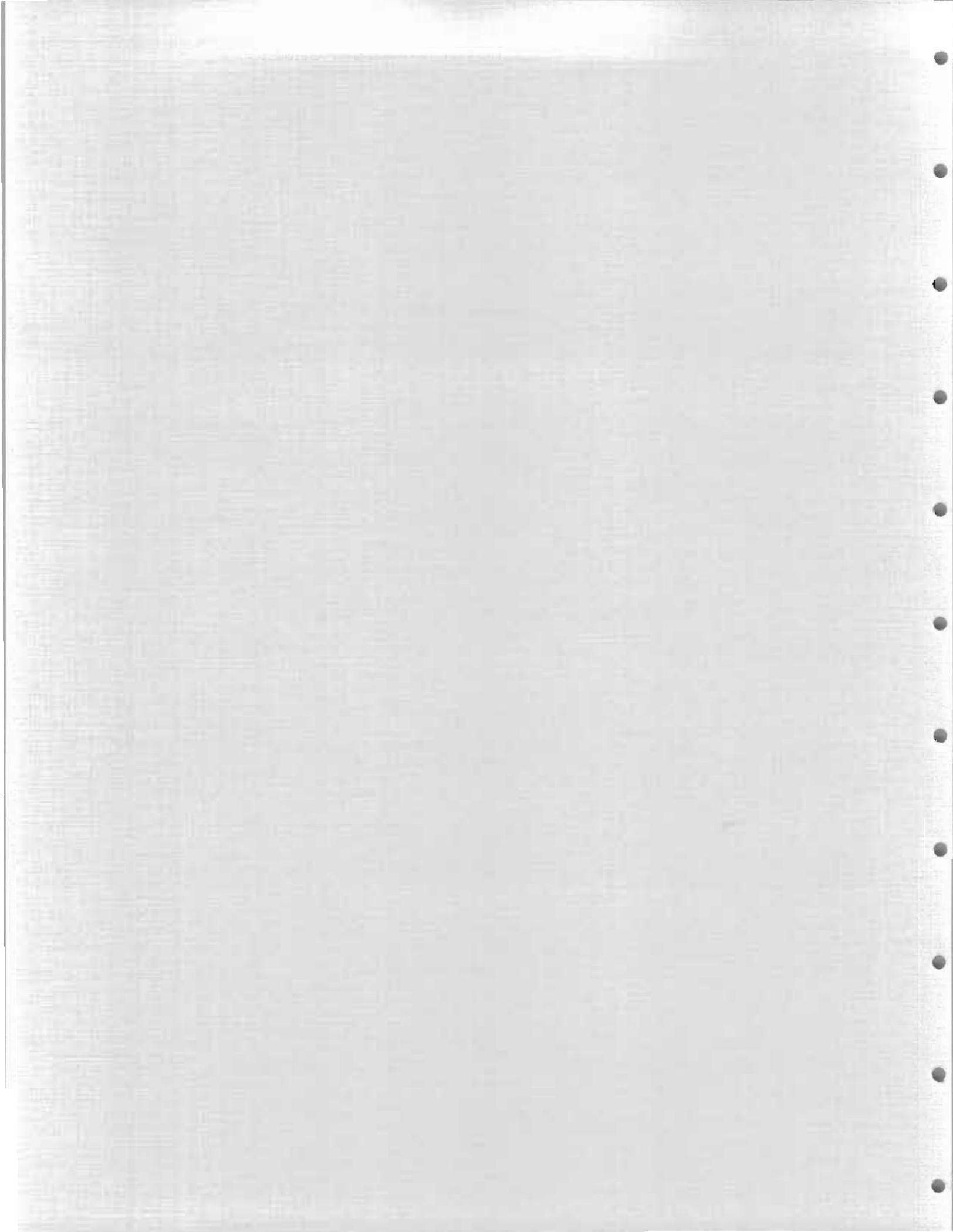
The notes to the required supplemental information are an integral part of this statement.



LAFAYETTE COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE FOR THE IDEA-PART B FUND  
 For the Year Ended June 30, 2011

	BUDGETED AMOUNTS		ACTUAL (GAAP BASIS)	VARIANCE	
				POSITIVE (NEGATIVE)	
	ORIGINAL	FINAL		ORIGINAL TO FINAL	FINAL TO ACTUAL
<b>REVENUES:</b>					
Federal Sources	\$ 660,977	\$ 446,735	\$ 446,735	\$ (214,242)	\$ -0-
Total Revenues	<u>660,977</u>	<u>446,735</u>	<u>446,735</u>	<u>(214,242)</u>	<u>-0-</u>
<b>EXPENDITURES:</b>					
Instruction	235,153	174,372	174,372	60,781	-0-
Support Services	<u>334,431</u>	<u>272,363</u>	<u>272,363</u>	<u>62,068</u>	<u>-0-</u>
Total Expenditures	<u>569,584</u>	<u>446,735</u>	<u>446,735</u>	<u>122,849</u>	<u>-0-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>91,393</u>	<u>-0-</u>	<u>-0-</u>	<u>(91,393)</u>	<u>-0-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers Out	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
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	91,393	-0-	-0-	(91,393)	-0-
<b>FUND BALANCES</b>					
July 1, 2010	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
June 30, 2011	<u>\$ 91,393</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (91,393)</u>	<u>\$ -0-</u>

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



LAFAYETTE COUNTY SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
For Year Ended June 30, 2011

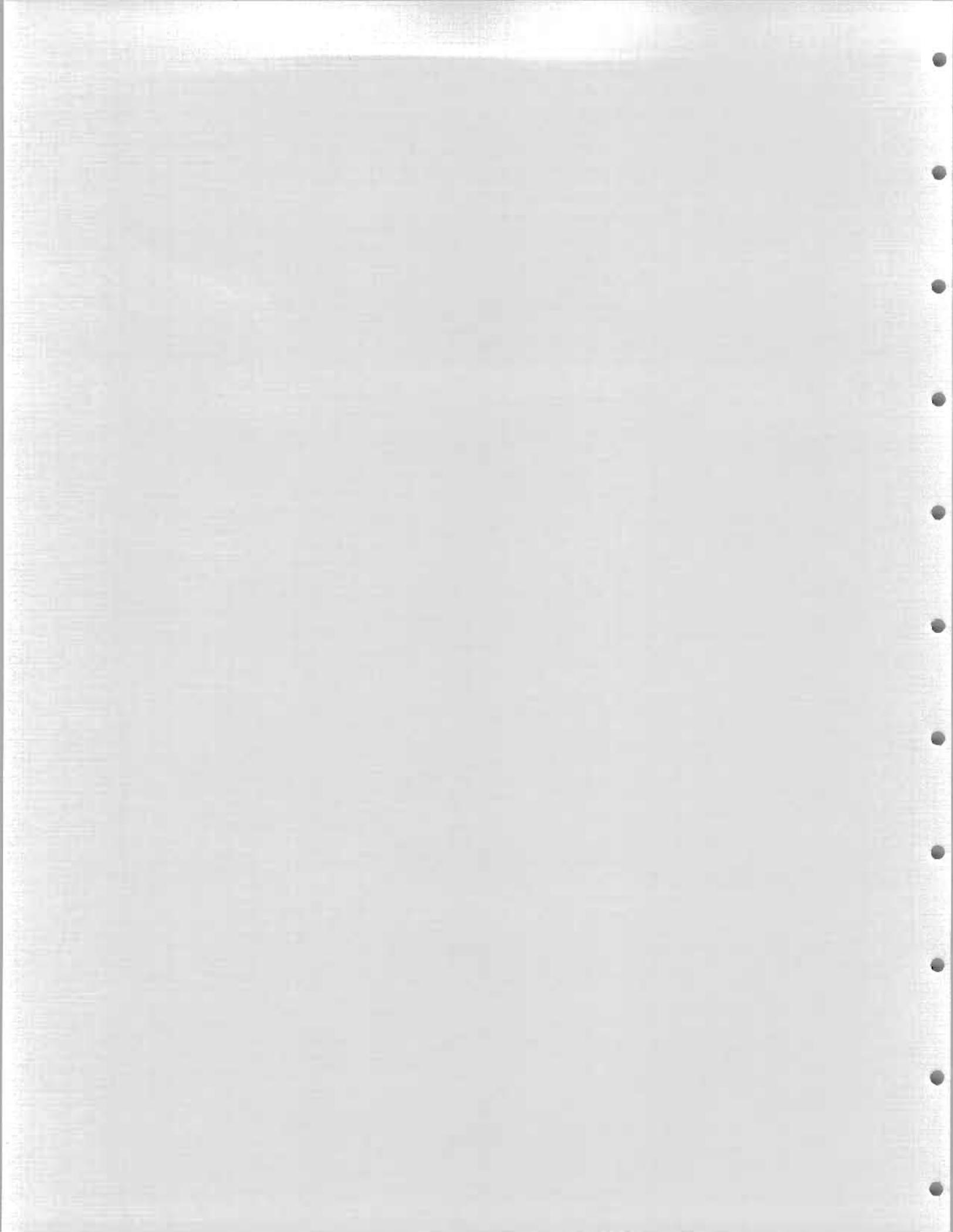
Budgetary Comparison Schedule

(1) Basis of Presentation.

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

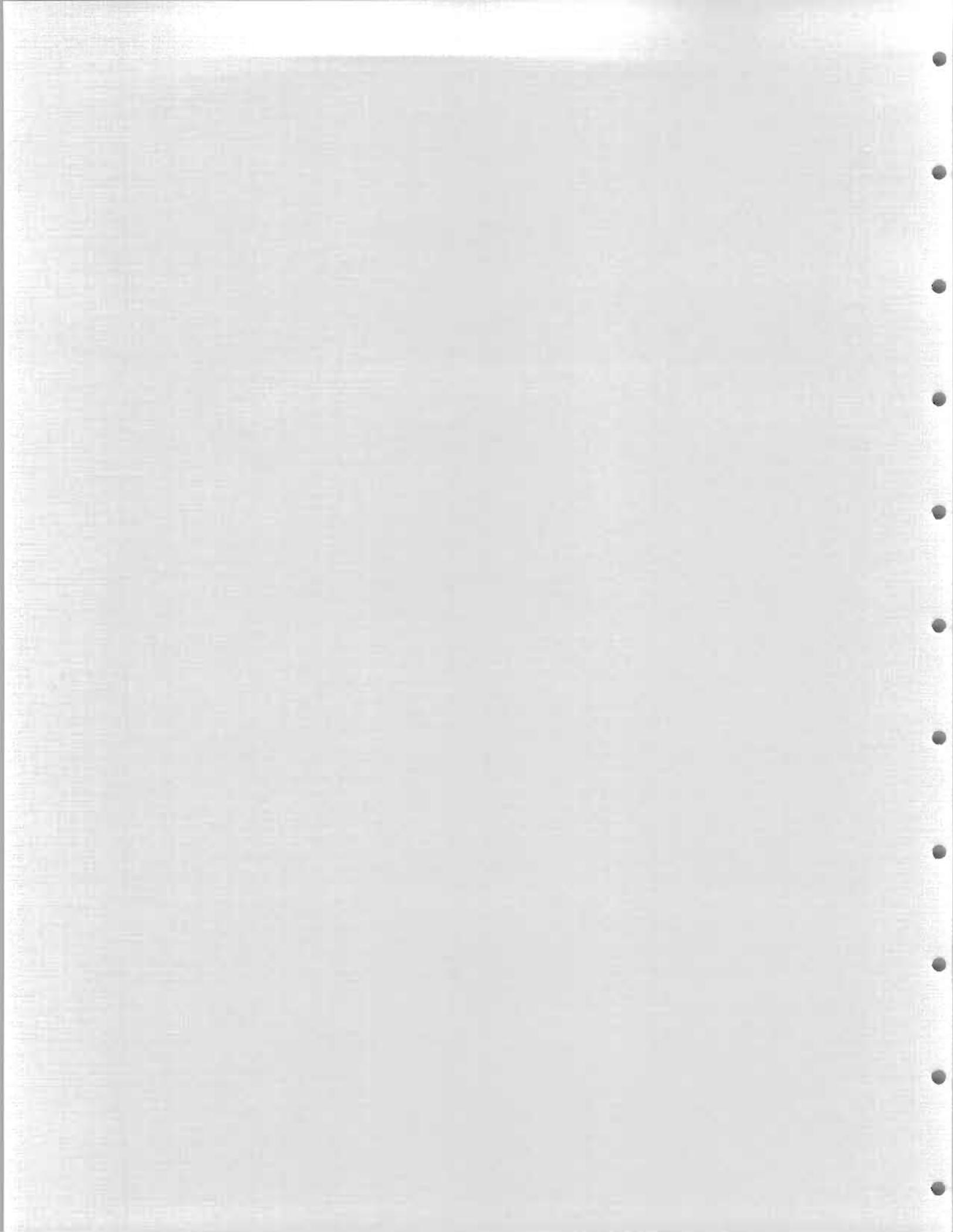
(2) Budget Amendments and Revisions.

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



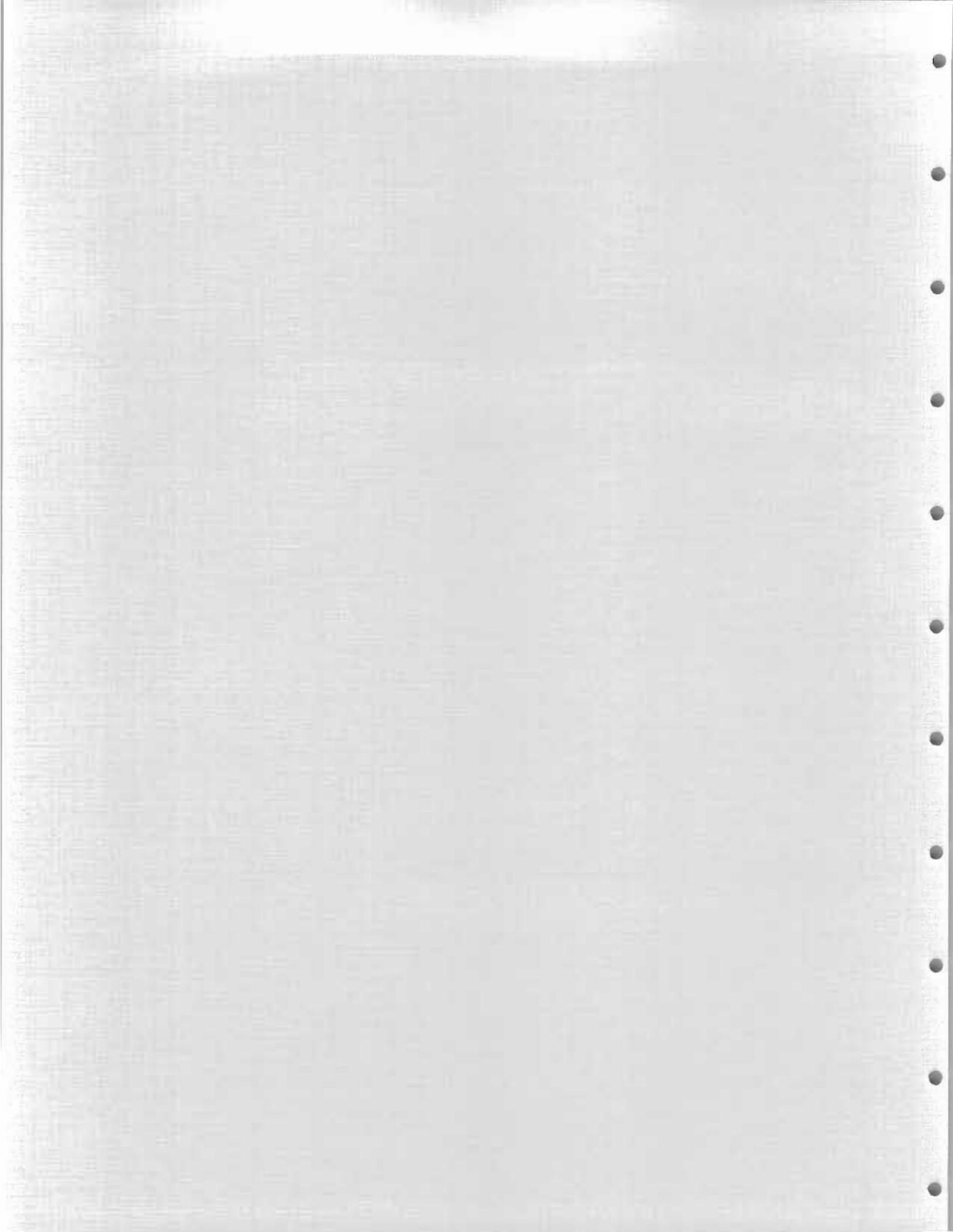
LAFAYETTE COUNTY SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION



LAFAYETTE COUNTY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2011

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U. S. DEPARTMENT OF AGRICULTURE</u>		
Passed-through Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 236,408
National School Lunch Program	10.555	<u>639,687</u>
Total Child Nutrition Cluster		<u>876,095</u>
Total Pass-through Mississippi Department of Education		<u>876,095</u>
Total U.S. Department of Agriculture		<u>876,095</u>
<u>U. S. DEPARTMENT OF DEFENSE</u>		
Direct Program:		
Reserve Officers' Training Corps	12.XXX	56,142
Flood Control Project	12.106	<u>10,952</u>
Total U. S. Department of Defense		<u>67,094</u>
<u>FEDERAL COMMUNICATIONS COMMISSION</u>		
Administered through the Universal Service Administrative Company:		
The Schools and Libraries Program of the Universal Service Fund	32.XXX	<u>37,240</u>
Total Federal Communications Commission		<u>37,240</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>		
Passed-through Mississippi Department of Education:		
Career and Technical Education-Basic Grants to States	84.048	52,291
Safe and Drug-free Schools and Communities-State Grants	84.186	1,578
Education for Homeless Children and Youth	84.196	43,442
Improving Teacher Quality State Grants	84.367	126,639
Education Jobs Fund	84.410	<u>487,517</u>
Subtotal		<u>711,467</u>
Title I Cluster:		
Title I-Grants to Local Educational Agencies	84.010	442,274
ARRA-Title I Grants to Local Educational Agencies, Recovery Act	84.389	<u>7,310</u>
Total Title I Cluster		<u>\$ 449,584</u>

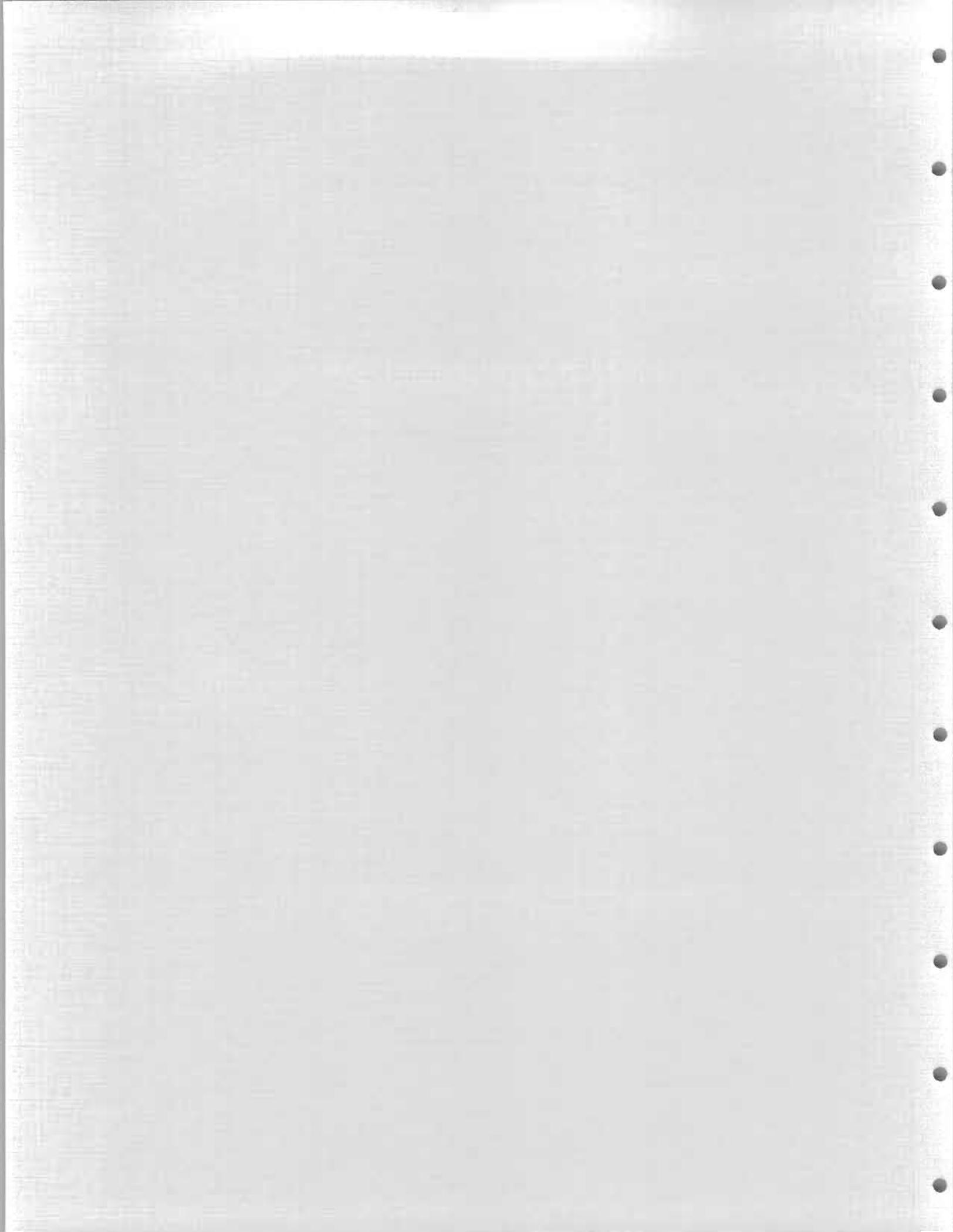


LAFAYETTE COUNTY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2011

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U. S. DEPARTMENT OF EDUCATION - Continued</u>		
Special Education Cluster:		
ARRA-Special Education Grants to States, Recovery Act	84.391	\$ 346,049
Special Education - Grants to States	84.027	446,735
Special Education - Preschool Grants	84.173	<u>18,846</u>
Total Special Education Cluster		<u>811,630</u>
State Fiscal Stabilization Fund Cluster:		
ARRA-State Fiscal Stabilization Fund-Education		
State Grants, Recovery Act	84.394	<u>652,861</u>
Total State Fiscal Stabilization Fund Cluster		<u>652,861</u>
Total Passed-Through Mississippi Department of Education		<u>2,625,542</u>
Total U.S. Department of Education		<u>2,625,542</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Passed-through the Mississippi Department of Education:		
Medical Assistance Program	93.778	<u>31,077</u>
Total Passed-through Mississippi Department of Education		<u>31,077</u>
Total U.S. Department of Health and Human Services		<u>31,077</u>
Total for All Federal Awards		\$ <u>3,637,048</u>

Notes to Schedule

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



LAFAYETTE COUNTY SCHOOL DISTRICT  
 SCHEDULE OF INSTRUCTIONAL, ADMINISTRATIVE AND  
 OTHER EXPENDITURES-GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2011

EXPENDITURES	TOTAL	INSTRUCTIONAL & OTHER STUDENT			
		INSTRUCTIONAL EXPENDITURES	GENERAL ADMINISTRATIVE	SCHOOL ADMINISTRATION	OTHER
Salaries and Fringe					
Benefits	\$ 15,862,724	\$ 12,284,458	\$ 610,966	\$ 1,127,641	\$ 1,839,659
Other	<u>5,879,768</u>	<u>1,615,856</u>	<u>94,424</u>	<u>74,001</u>	<u>4,095,487</u>
Total	\$ <u>21,742,492</u>	\$ <u>13,900,314</u>	\$ <u>705,390</u>	\$ <u>1,201,642</u>	\$ <u>5,935,146</u>

Total Number of Students \*      2,492

Cost per Student            \$      8,725    \$      5,578    \$      283      \$      482      \$      2,382

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

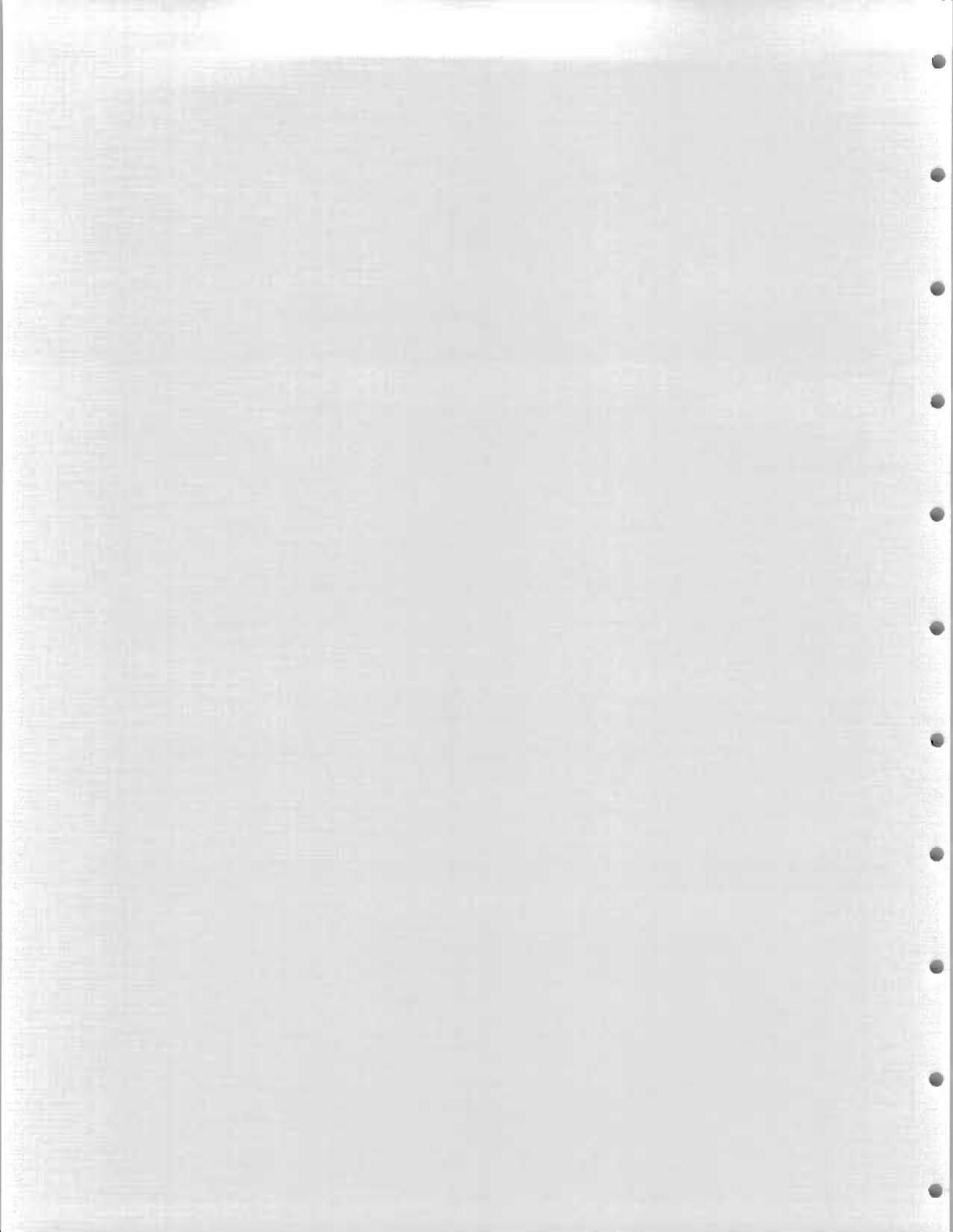
Instruction and Other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type. (all the 1000, 2100 & 2200 function codes)

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

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

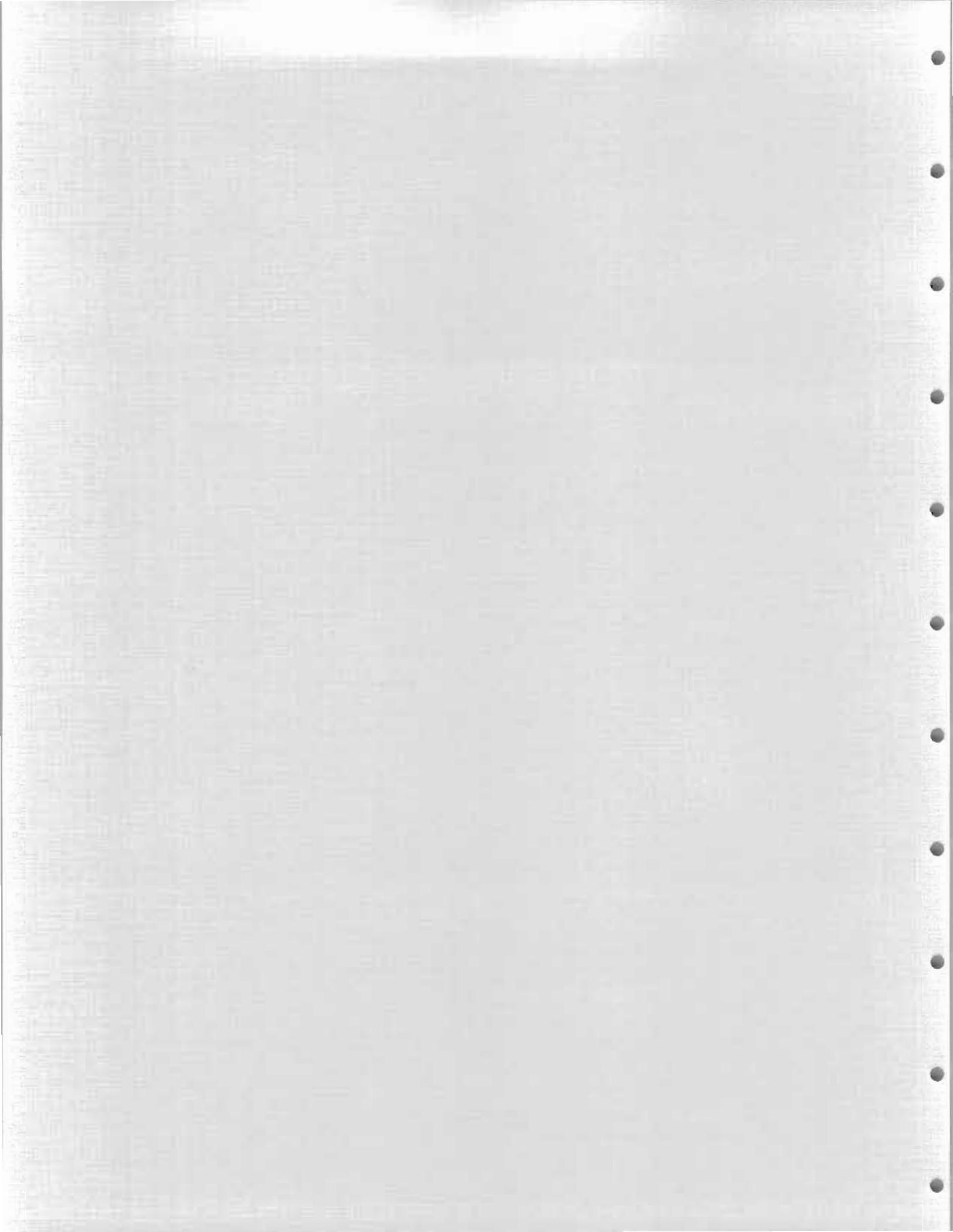
Other - includes all expenditure functions not included in Instruction or Administration Categories.

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



LAFAYETTE COUNTY SCHOOL DISTRICT

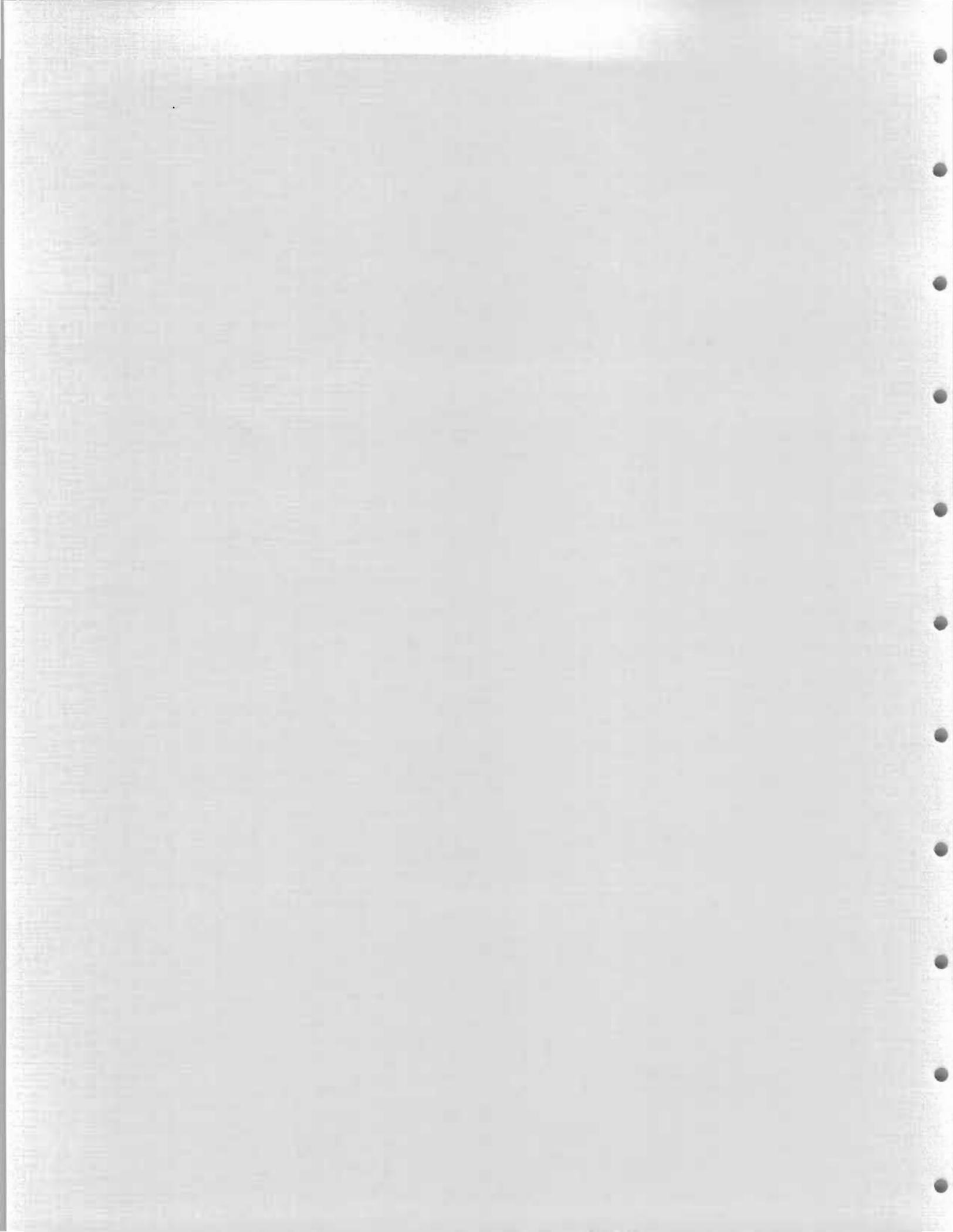
OTHER INFORMATION



LAFAYETTE 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>
<b>REVENUES:</b>				
Local Sources	\$ 5,957,778	\$ 5,965,056	\$ 5,864,851	\$ 5,688,823
State Sources	11,014,433	10,379,300	11,727,514	11,833,257
Federal Sources	<u>246,685</u>	<u>240,813</u>	<u>208,204</u>	<u>239,402</u>
Total Revenues	<u>17,218,896</u>	<u>16,585,169</u>	<u>17,800,569</u>	<u>17,761,482</u>
<b>EXPENDITURES:</b>				
Instruction	8,862,822	10,535,336	11,164,852	10,774,497
Support Services	5,132,758	5,430,939	5,640,717	5,792,313
Debt Service:				
Principal	-0-	24,841	96,275	91,517
Interest	<u>-0-</u>	<u>317</u>	<u>4,355</u>	<u>9,113</u>
Total Expenditures	<u>13,995,580</u>	<u>15,991,433</u>	<u>16,906,199</u>	<u>16,667,440</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,223,316</u>	<u>593,736</u>	<u>894,370</u>	<u>1,094,042</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Loss Recoveries	12,253	13,486	2,547	4,004
Sale of Other Property	870	-0-	500	-0-
Operating Transfers In	-0-	73,345	4,155	2,323
Operating Transfers Out	<u>(919,959)</u>	<u>(1,017,635)</u>	<u>(1,028,962)</u>	<u>(1,055,110)</u>
Total Other Financing Sources (Uses)	<u>(906,836)</u>	<u>(930,804)</u>	<u>(1,021,760)</u>	<u>(1,048,783)</u>
Net Change in Fund Balance	<u>2,316,480</u>	<u>(337,068)</u>	<u>(127,390)</u>	<u>45,259</u>
<b>FUND BALANCES</b>				
Beginning of Period	<u>910,493</u>	<u>1,247,561</u>	<u>1,374,951</u>	<u>1,329,692</u>
End of Period	<u>\$ 3,226,973</u>	<u>\$ 910,493</u>	<u>\$ 1,247,561</u>	<u>\$ 1,374,951</u>

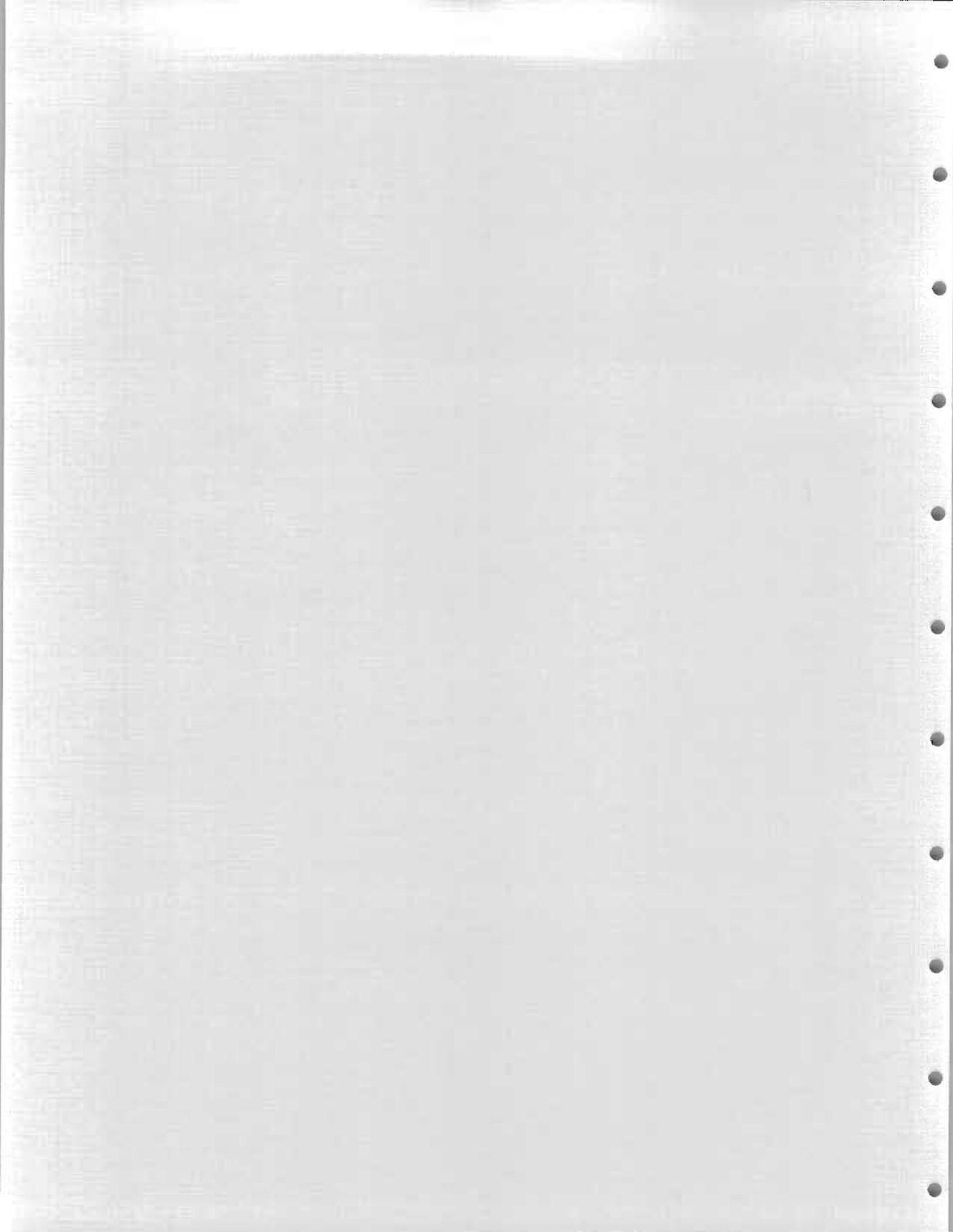
\*Source - Prior Year Audit Reports



LAFAYETTE COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUNDS  
Last Four Years

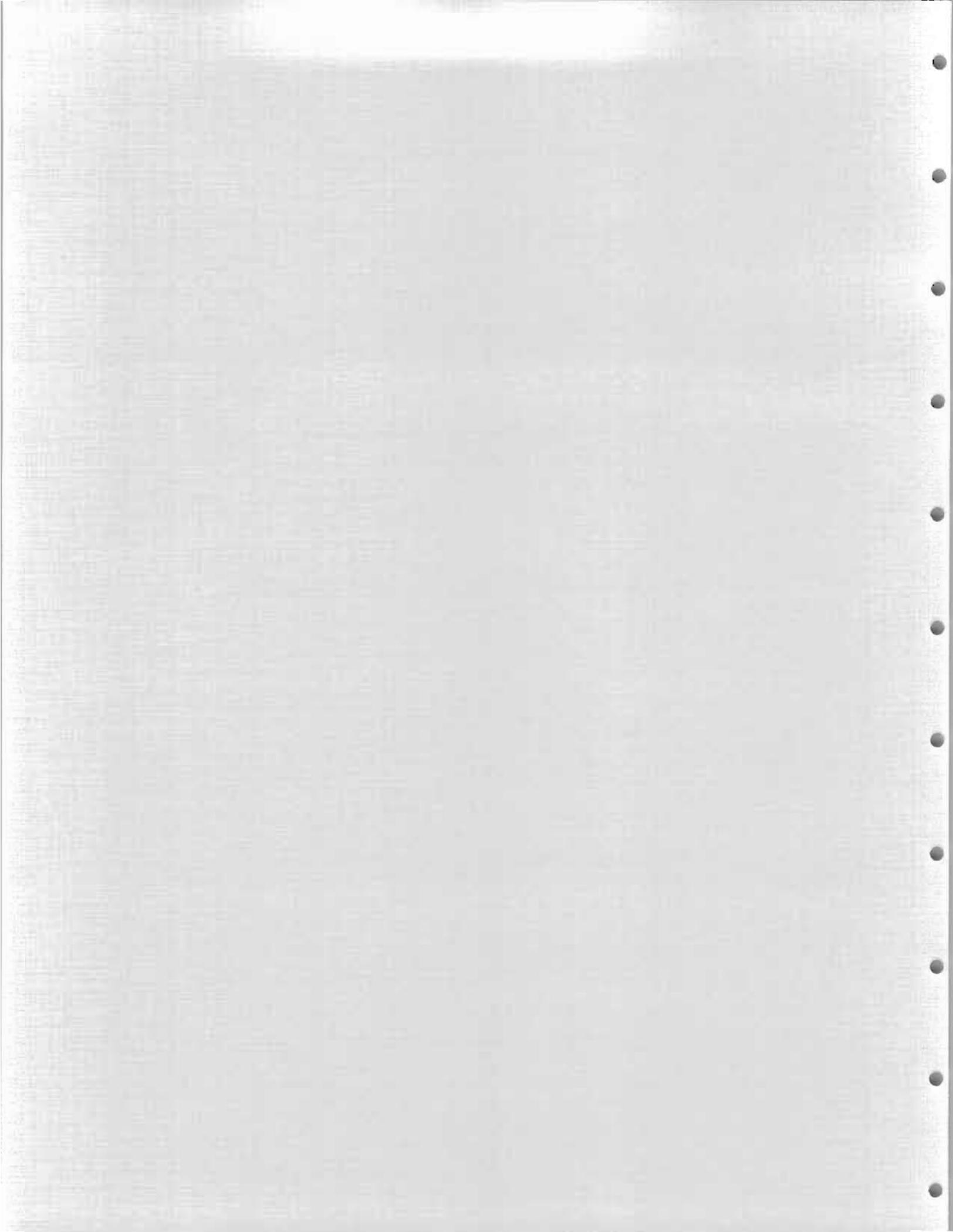
	UNAUDITED			
	2011	2010*	2009*	2008*
<b>REVENUES:</b>				
Local Sources	\$ 8,880,627	\$ 8,807,980	\$ 8,492,255	\$ 8,230,309
State Sources	11,570,100	11,140,422	12,536,220	12,690,807
Federal Sources	<u>3,748,321</u>	<u>3,439,826</u>	<u>2,288,812</u>	<u>2,350,587</u>
<b>Total Revenues</b>	<b><u>24,199,048</u></b>	<b><u>23,388,228</u></b>	<b><u>23,317,287</u></b>	<b><u>23,271,703</u></b>
<b>EXPENDITURES:</b>				
Instruction	12,147,789	13,282,261	13,342,504	12,950,538
Support Services	6,479,554	7,104,521	7,037,296	7,374,851
Non-Instructional Services	1,057,227	1,047,977	1,087,361	1,045,669
Facilities Acquisition & Construction	-0-	125,079	1,212,253	48,131
<b>Debt Service:</b>				
Principal	1,475,000	1,379,841	1,426,275	1,371,517
Interest	576,250	633,013	664,654	696,763
Other	<u>6,672</u>	<u>6,694</u>	<u>6,801</u>	<u>10,132</u>
<b>Total Expenditures</b>	<b><u>21,742,492</u></b>	<b><u>23,579,386</u></b>	<b><u>24,777,144</u></b>	<b><u>23,497,601</u></b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b><u>2,456,556</u></b>	<b><u>(191,158)</u></b>	<b><u>(1,459,857)</u></b>	<b><u>(225,898)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of Loans	-0-	-0-	1,000,000	750,000
Insurance Loss Recoveries	12,253	13,486	2,547	4,004
Sale of Other Property	870	-0-	500	-0-
Operating Transfers In	956,704	1,090,980	1,128,712	1,135,172
Operating Transfers Out	<u>(956,704)</u>	<u>(1,090,980)</u>	<u>(1,128,712)</u>	<u>(1,135,172)</u>
<b>Total Other Financing Sources (Uses)</b>	<b><u>13,123</u></b>	<b><u>13,486</u></b>	<b><u>1,003,047</u></b>	<b><u>754,004</u></b>
<b>Net Change in Fund Balance</b>	<b><u>2,469,679</u></b>	<b><u>(177,672)</u></b>	<b><u>(456,810)</u></b>	<b><u>528,106</u></b>
<b>FUND BALANCES</b>				
Beginning of Period, as Originally Reported	3,555,712	3,725,627	4,181,179	3,633,995
Prior Period Adjustments	-0-	-0-	-0-	21,183
Beginning of Period, as Restated	<u>3,555,712</u>	<u>3,725,627</u>	<u>4,181,179</u>	<u>3,655,178</u>
Increase (Decrease) in Reserve for Inventory	<u>(5,743)</u>	<u>7,757</u>	<u>1,258</u>	<u>(2,105)</u>
<b>End of Period</b>	<b><u>\$ 6,019,648</u></b>	<b><u>\$ 3,555,712</u></b>	<b><u>\$ 3,725,627</u></b>	<b><u>\$ 4,181,179</u></b>

\*Source - Prior Year Audit Reports



LAFAYETTE COUNTY SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROL AND COMPLIANCE





606 S. 16TH STREET / P.O. DRAWER 280 / OXFORD, MS 38655-0280 / PHONE (662) 234-1251 / FAX (662) 236-3804

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

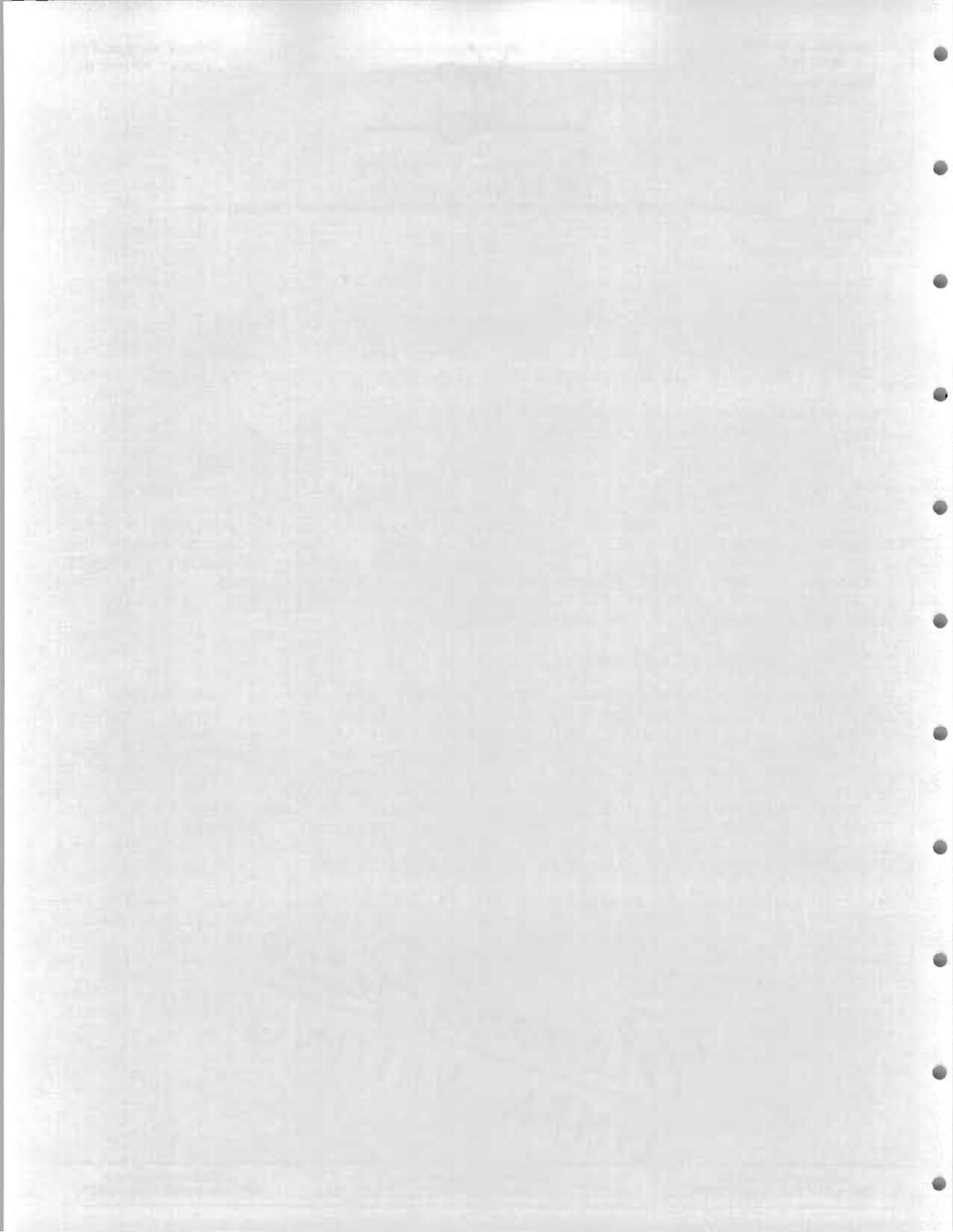
Superintendent and School Board  
Lafayette County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lafayette County School District as of and for the year ended June 30, 2011, which collectively comprise the Lafayette County School District's basic financial statements and have issued our report thereon dated August 28, 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 Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Lafayette County School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Lafayette County School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lafayette County School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lafayette County School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.



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 a 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Finding 2011-01, 2011-02, 2011-03, 2011-05, 2011-06, 2011-07, and 2011-10 to be material weaknesses.

#### Compliance and Other Matters

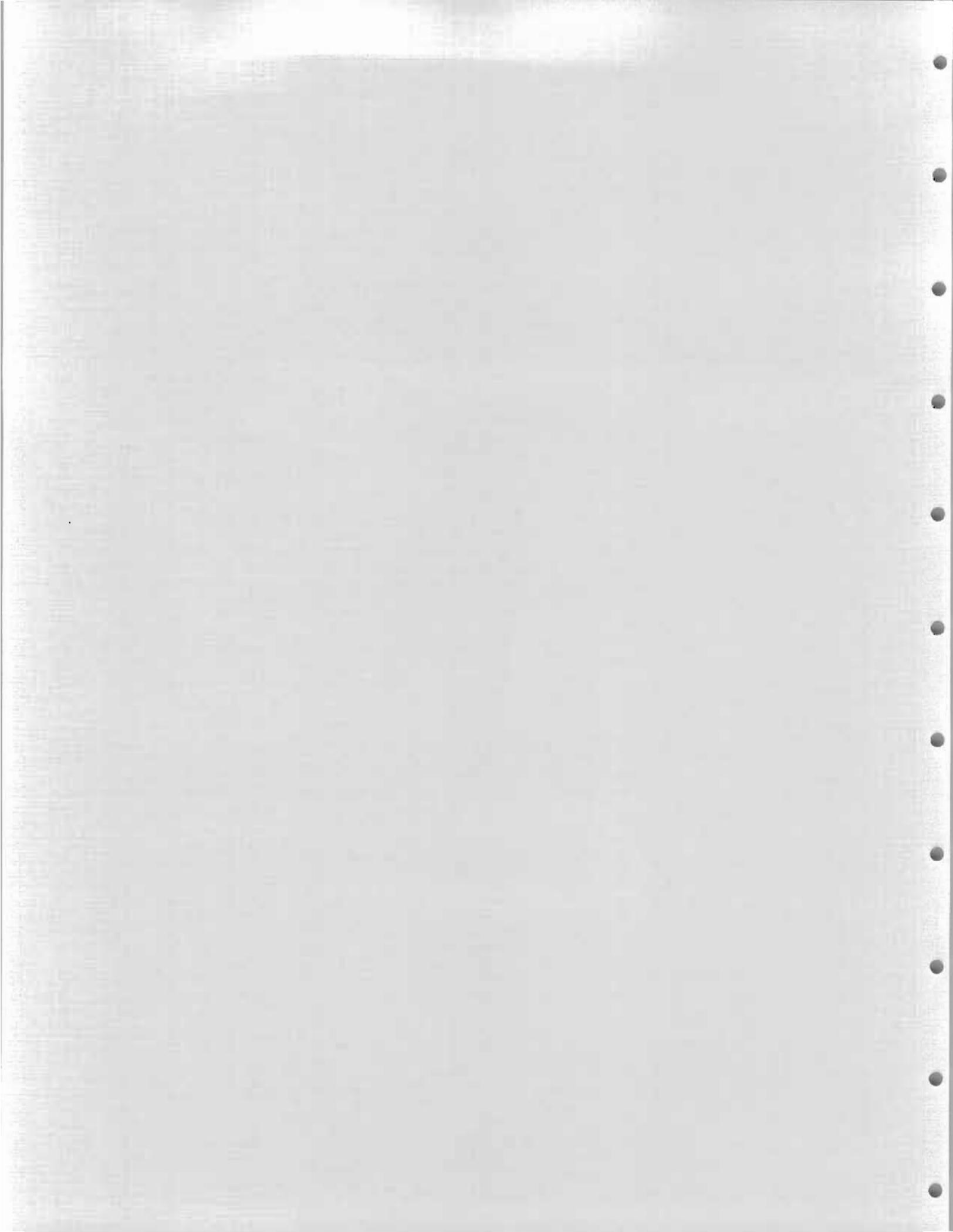
As part of obtaining reasonable assurance about whether the Lafayette County School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2011-01 and 2011-04, 2011-05, 2011-06, 2011-07, 2011-08, 2011-09, and 2011-10.

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

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.

*The Dwight L. Young Group*

August 28, 2012



Dwight L. Young, Sr., C.P.A.  
1918 - 1977

Roger A. Garrett, C.P.A.  
1922 - 2008

Dwight L. Young, Jr., C.P.A.  
Patricia A. Bynum, C.P.A.



606 S. 16TH STREET / P.O. DRAWER 280 / OXFORD, MS 38655-0280 / PHONE (662) 234-1251 / FAX (662) 236-3804

INDEPENDENT AUDITOR'S 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  
Lafayette County School District

Compliance

We have audited Lafayette County School District's compliance with the types of compliance requirements described in the (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Lafayette County School District's major federal programs for the year ended June 30, 2011. The Lafayette County School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Lafayette County School District's management. Our responsibility is to express an opinion on the Lafayette County 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 Lafayette County 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 Lafayette County School District's compliance with those requirements.



As described in Finding 2011-10 in the accompanying Schedule of Findings and Questioned Costs, the Lafayette County School District did not comply with the requirements regarding the reporting of meals that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the Lafayette County School District to comply with the requirements applicable to that program.

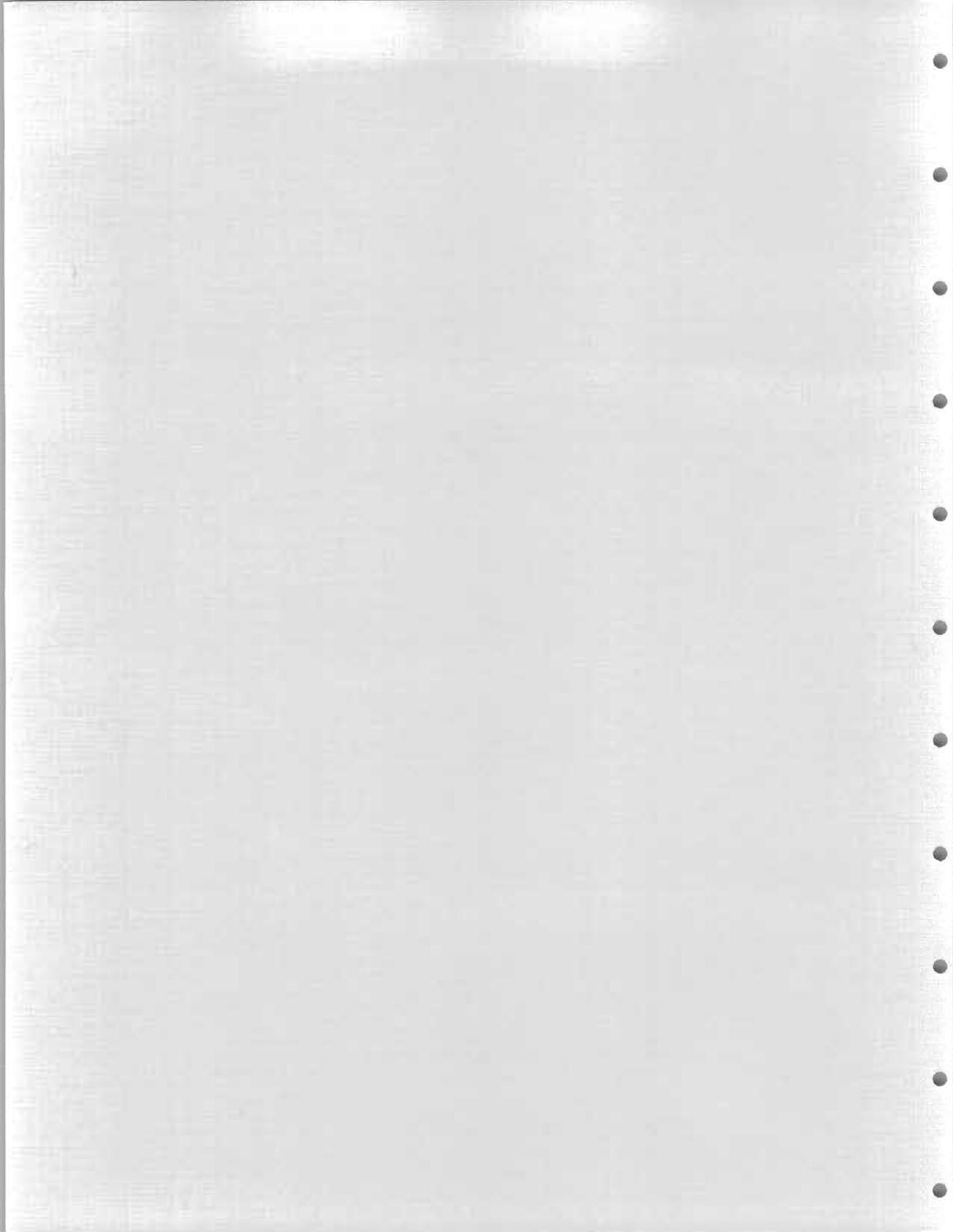
In our opinion, except for the noncompliance described in the preceding paragraph, Lafayette County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended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

#### Internal Control Over Compliance

Management of the Lafayette County School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Lafayette County School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Lafayette County School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2011-10 to be material weaknesses.



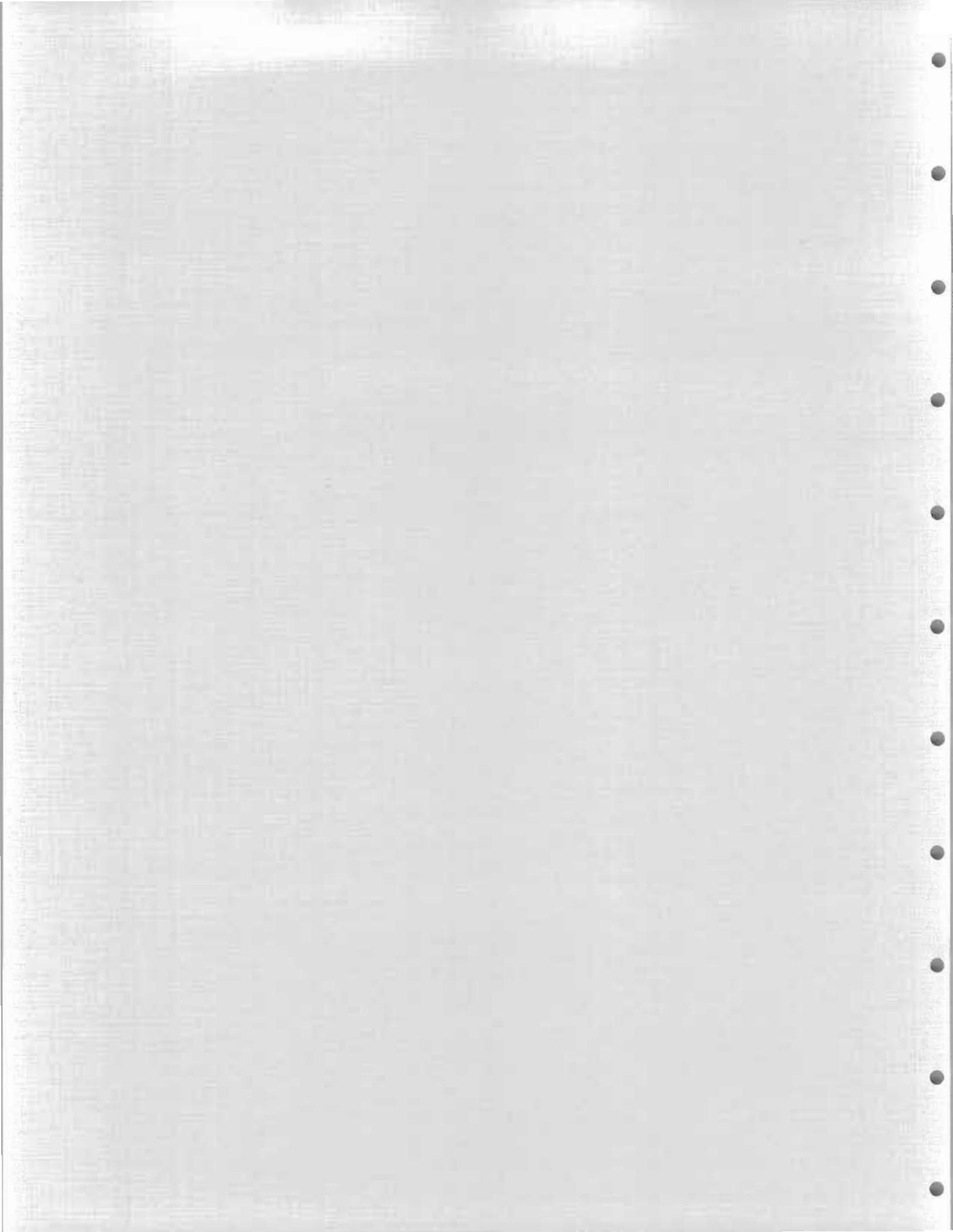
A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency as defined above.

Lafayette County School District's responses to the findings identified in our audit are described in the accompanying auditee's corrective action plan. We did not audit Lafayette County School District's responses and, accordingly, we express no opinion on the responses.

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.

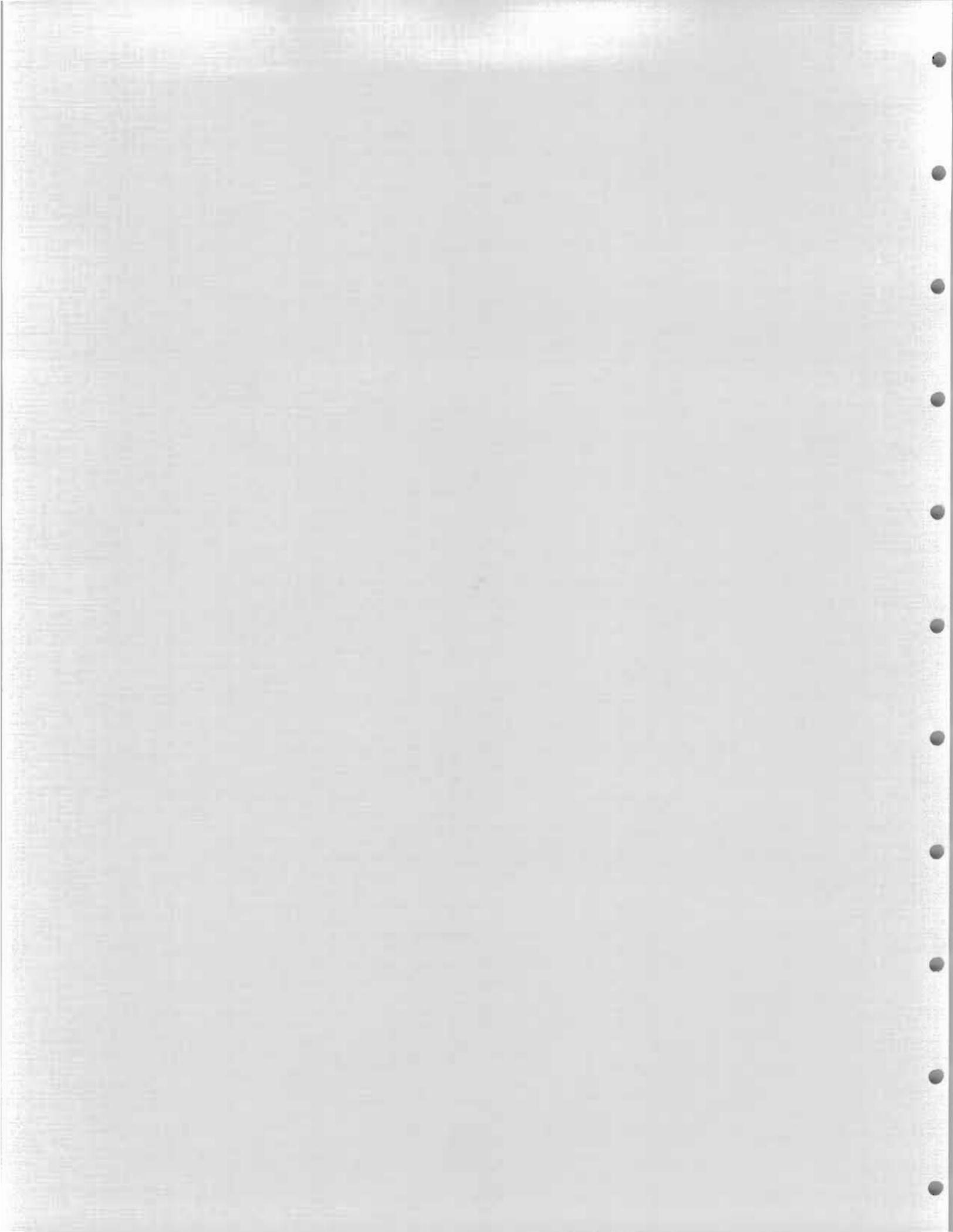
*The Dwight L. Young Group*

August 28, 2012



LAFAYETTE COUNTY SCHOOL DISTRICT

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





606 S. 16TH STREET / P.O. DRAWER 280 / OXFORD, MS 38655-0280 / PHONE (662) 234-1251 / FAX (662) 236-3804

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

Superintendent and School Board  
Lafayette County School District

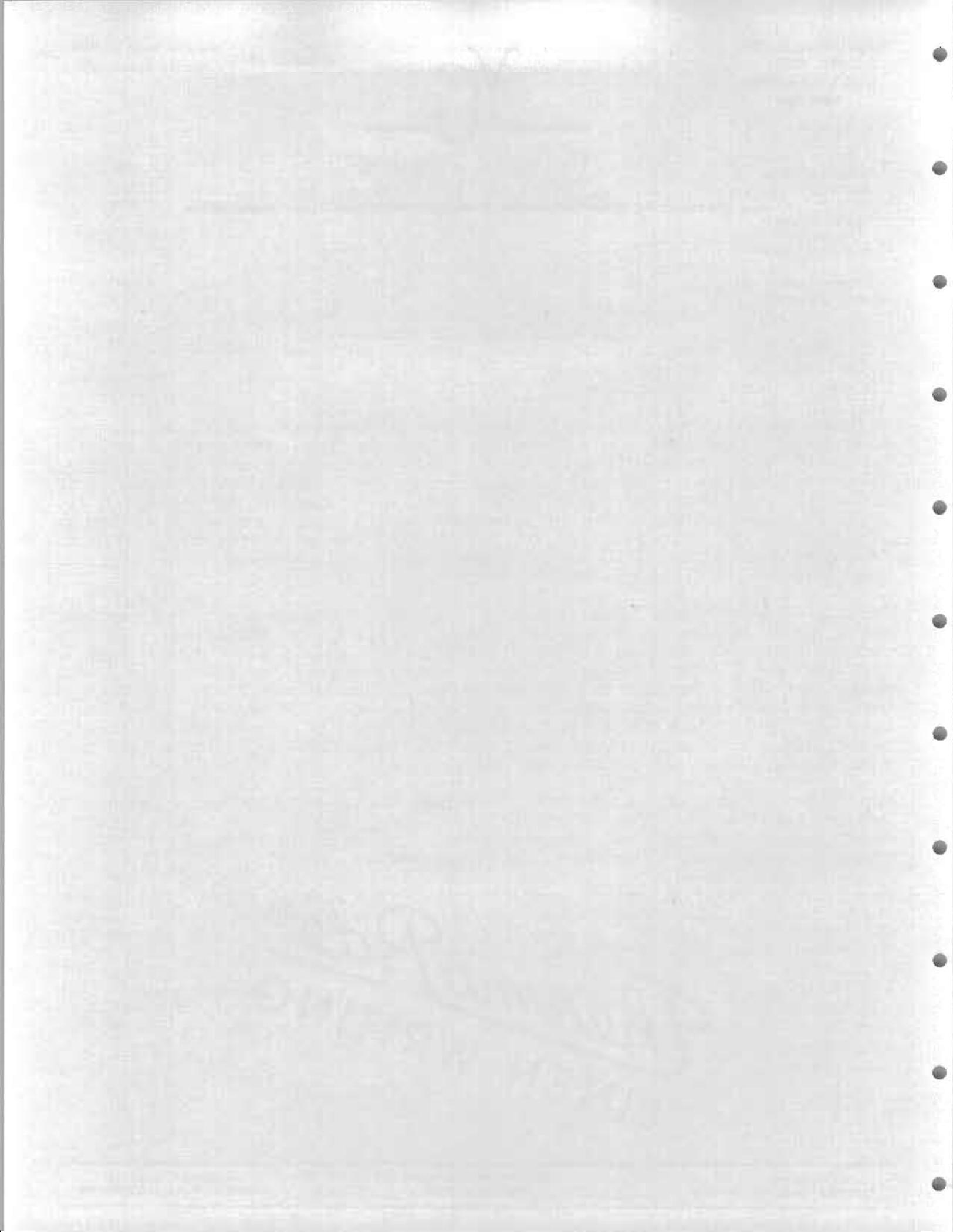
We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lafayette County School District as of and for the year ended June 30, 2011, which collectively comprise Lafayette County School District's basic financial statements and have issued our report thereon dated August 28, 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 Government Auditing Standards, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$3,722 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.



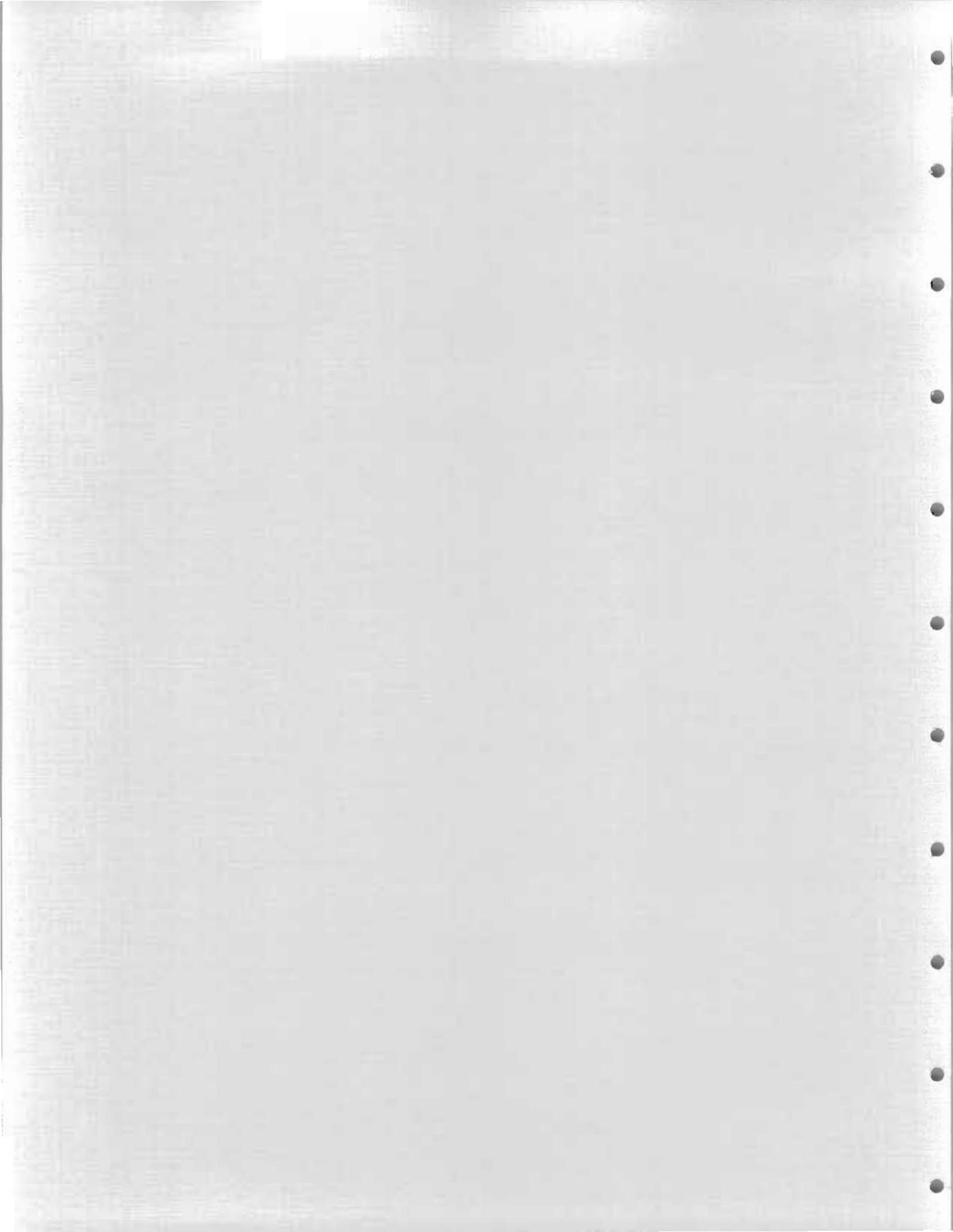
As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective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

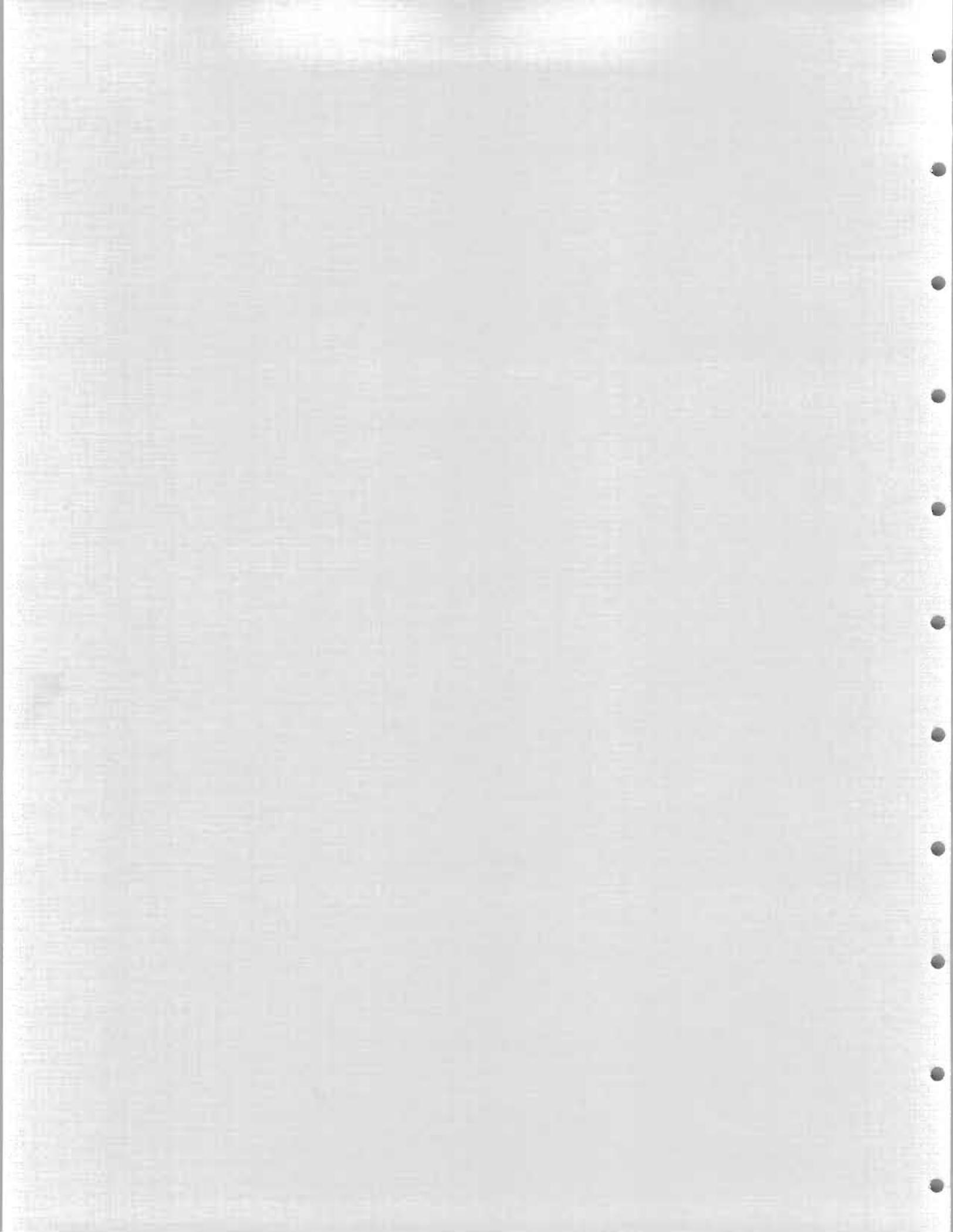
*The Dwight L. Young Group*

August 28, 2012



LAFAYETTE COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



LAFAYETTE COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unqualified

2. Internal control over financial reporting:

a. Material weaknesses identified? Yes

b. Significant deficiency identified? None

3. Noncompliance material to financial statements noted: No

Federal Awards:

4. Internal control over major programs:

a. Material weaknesses identified? Yes

b. Significant deficiency identified? None

5. Type of auditor's report issued on compliance for major programs:

Qualified: Child Nutrition Cluster  
CFDA #10.553  
CFDA #10.555

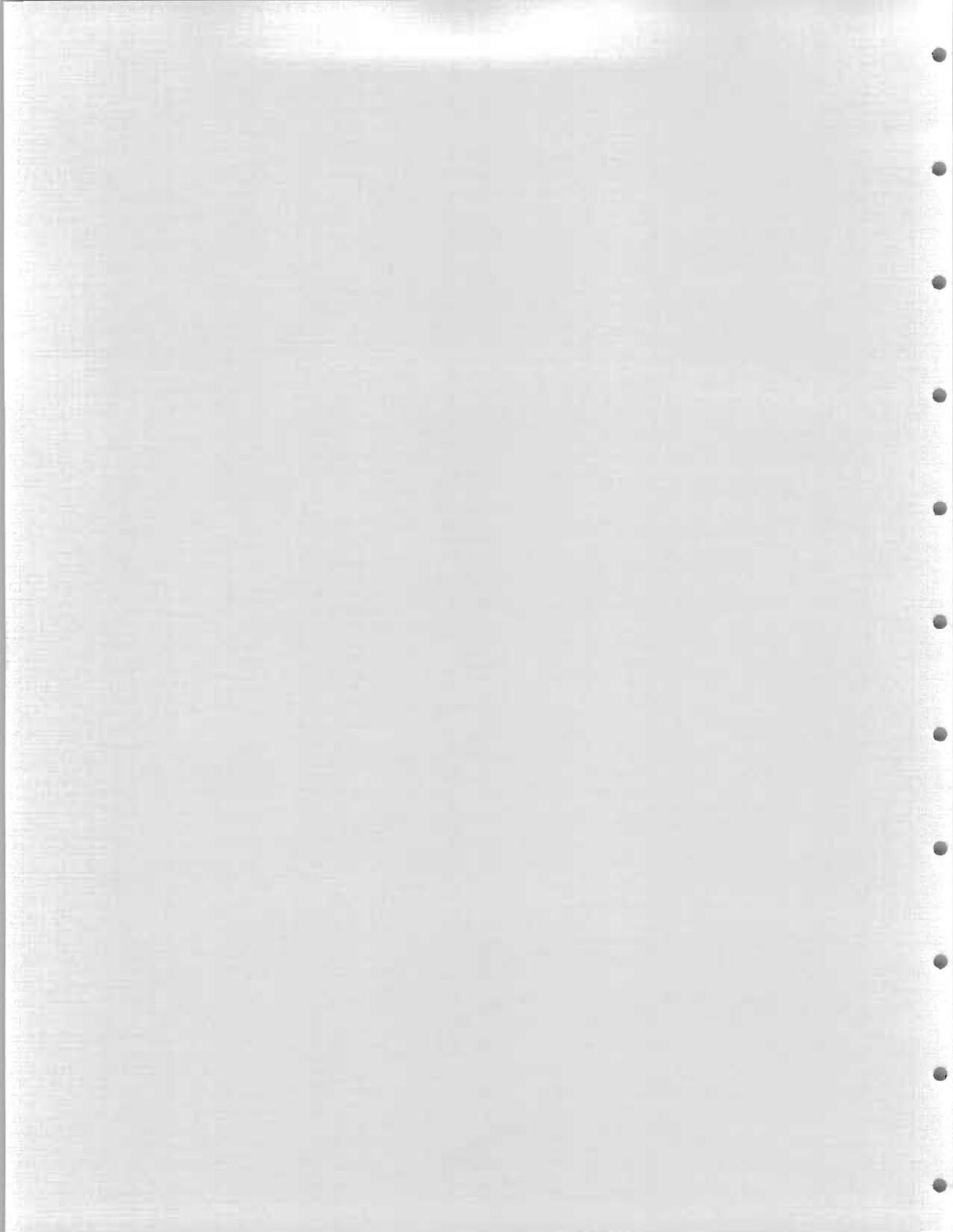
Unqualified: Special Education Cluster  
CFDA #84.027  
CFDA #84.173  
CFDA #84.391

Title I-Grants to Local Education Agencies:  
CFDA #84.010  
CFDA #84.389

State Fiscal Stabilization Fund Cluster:  
CFDA #84.394

Education Jobs Fund:  
CFDA #84.410

6. Any audit finding(s) disclosed that are required to be reported  
In accordance with Section 510(a) of OMB Circular A-133? Yes



LAFAYETTE COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011

7. Federal programs identified as major programs:

a. Child Nutrition Cluster:

CFDA #10.553

CFDA #10.555

b. Special Education Cluster:

CFDA #84.027

CFDA #84.173

CFDA #84.391

c. Title I-Grants to Local Education Agencies:

CFDA #84.010

CFDA #84.389

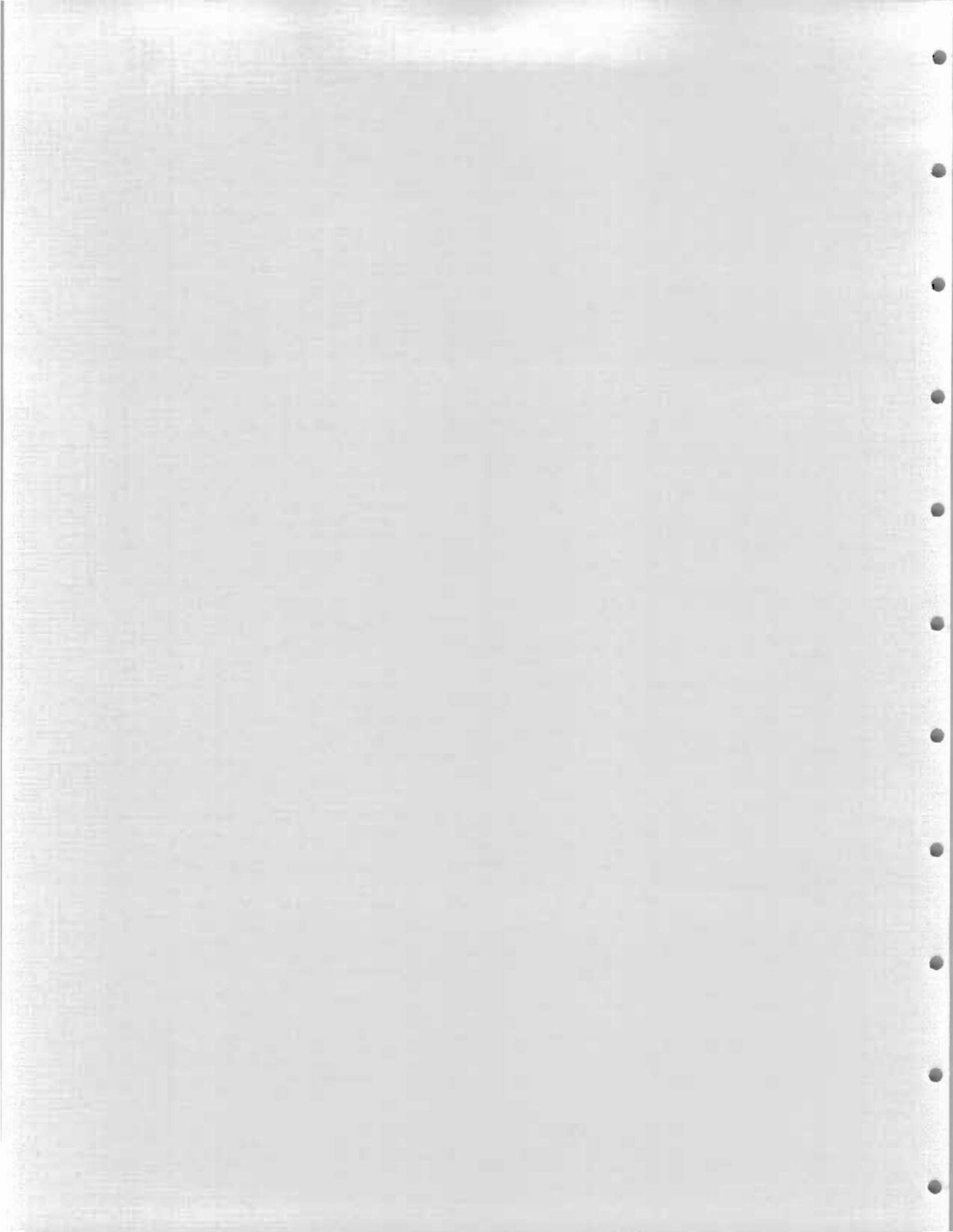
d. State Fiscal Stabilization Fund Cluster:

CFDA #84.394

e. Education Jobs Fund:

CFDA #84.410

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



LAFAYETTE COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011

Section II: Financial Statement Findings

Significant Deficiencies Considered to be Material Weaknesses

11-01

Condition:

The original budget presented and approved by the School Board does not agree with the accounting records.

Effect:

The reports generated utilizing the accounting records should agree with the budgets approved by the School Board in order for management to be able to see the actual comparisons to the approved budget for control purposes.

Cause:

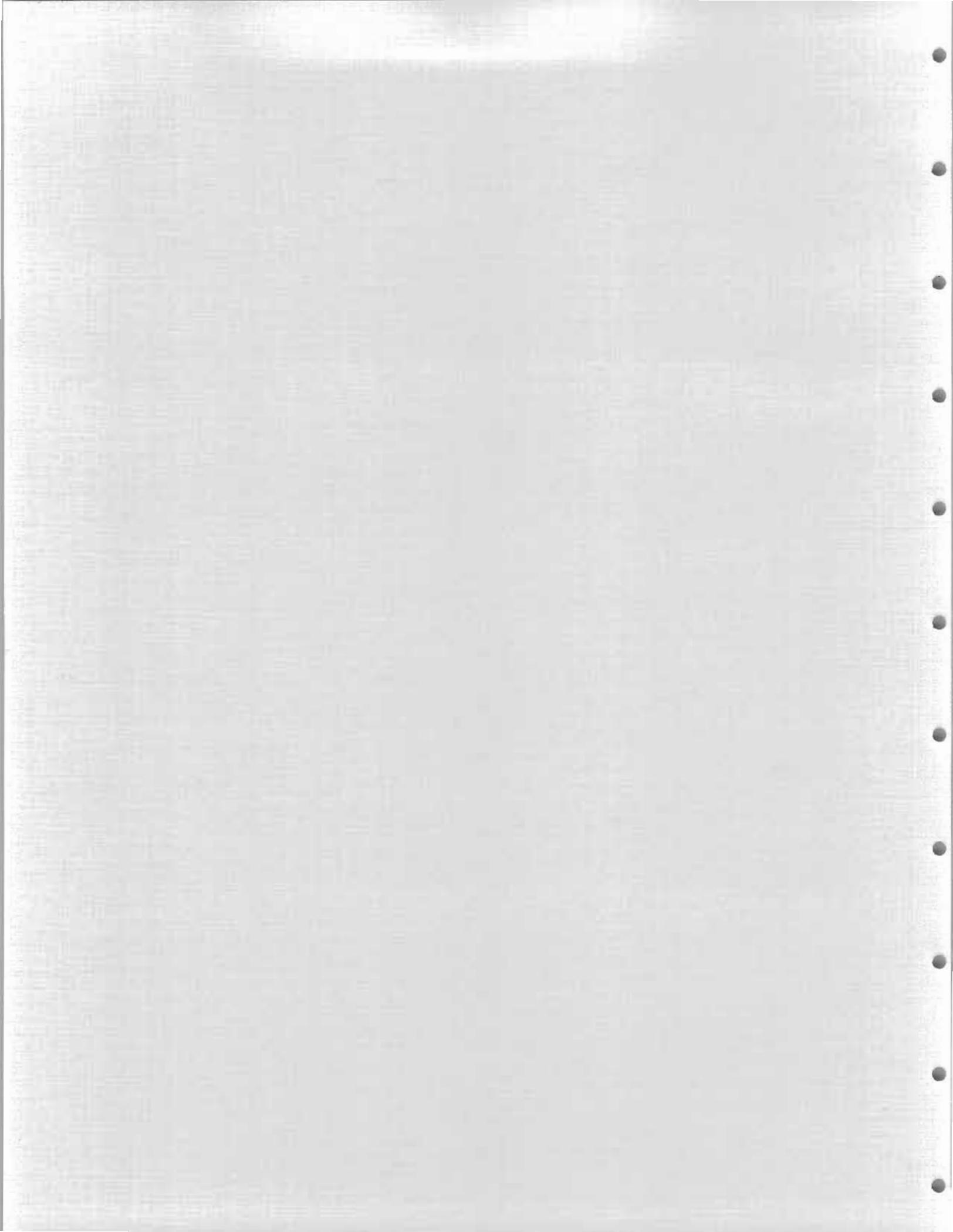
The accounting department did not enter the correct budget.

Criteria:

Section 37-61-19 requires that expenditures shall be limited to budgeted amounts and states that any school district that budgets expenditures in excess of the resources available within that fund shall be in violation of the law.

Recommendation:

We recommend that the School District appoint someone to verify that the correct budgets are entered into the accounts software.



LAFAYETTE COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011

Section II: Financial Statement Findings - Continued

11-02

Condition:

Seven funds were originally budgeted with ending negative balances.

Effect and Criteria:

Section 37-61-19 states that any member of the school board, Superintendent of schools, or other school official, who shall knowingly enter into any contract, incur any obligation, or make any expenditure in excess of the amount available for the fiscal year shall be personally liable for the amount of such excess.

Cause:

The individuals that prepared the budgets did not adhere to Section 37-61-19.

Recommendation:

The budgets should be prepared with the intent to have balanced budgets and no ending negative balances.

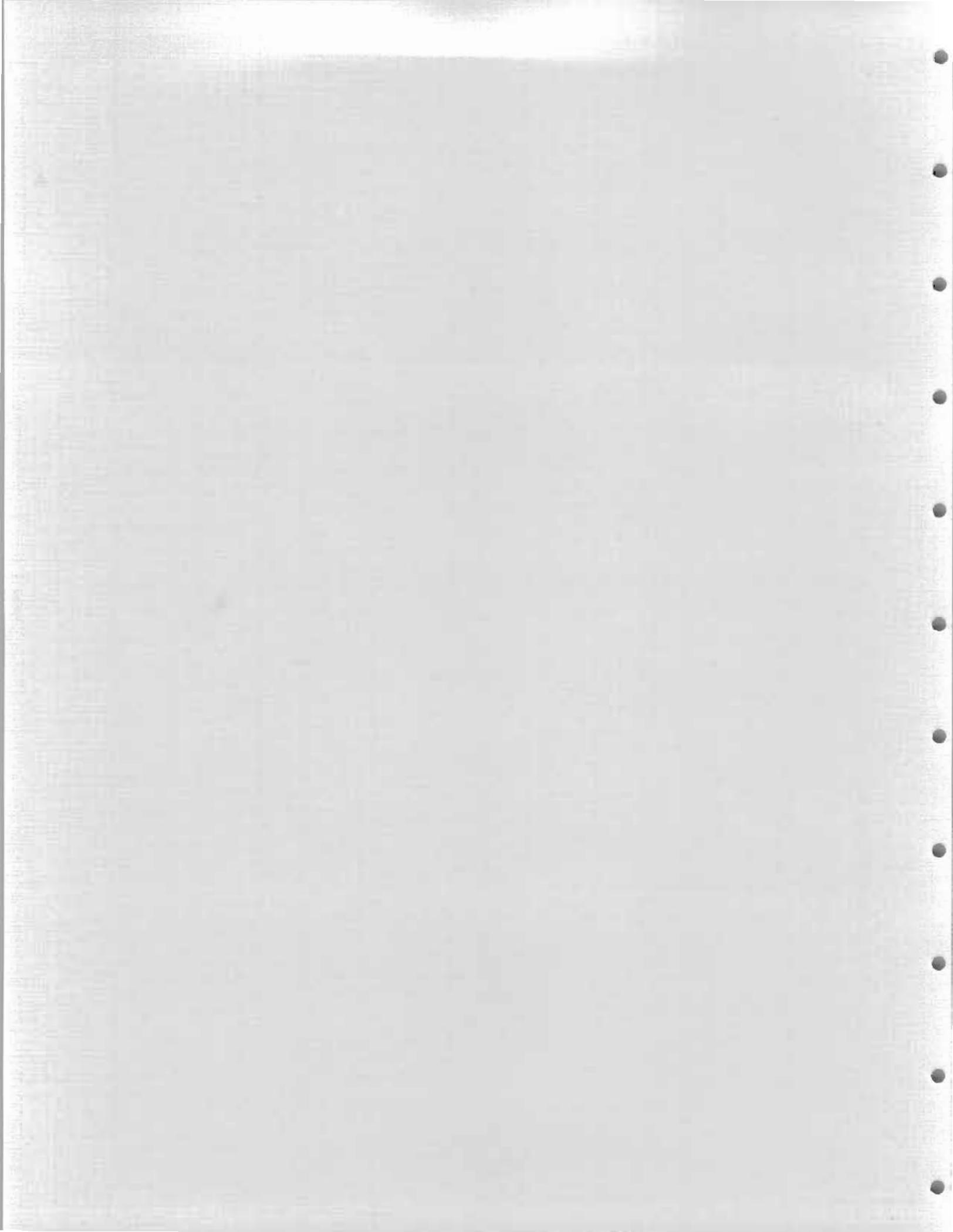
11-03

Condition:

A federal reimbursable fund was budgeted with more revenue than expenditures. Fund 2610, Idea Part B showed \$91,393.10 more revenue. Fund 2814, Homeless Children and Youth showed \$42,250.66 more revenue.

Effect and Criteria:

The School District is in violation of General Assurance number 8 of the Mississippi Department of Education Consolidated Application State and ESEA Federal Grant Programs which states that the LEA will use fiscal contract and fund accounting procedures that will ensure proper disbursement of, and accounting for, state and federal funds paid to that education agency under each program.



LAFAYETTE COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011

Section II: Financial Statement Findings - Continued

Cause:

The School District did not adhere to General Assurance number 8 of the Mississippi Department of Education Consolidated Application State and ESEA Federal Grant requirement at the district budget level. The Federal Program Director prepares the budgets for the federal projects for inclusion with the project application presented to the State Department of Education. These budgets were prepared correctly. The district's financial administrator's responsibility is to incorporate the federal project budgets into the District budget for presentation by the Superintendent of Education to the Board of Education for their approval. In the case of overbudgeting of federal reserve in the IDEA Part B and Homeless Child and Youth, the financial administrator failed to exercise due care in incorporating the Federal Director's budget into the District's budget. During the Superintendent of Education's review of the budget, prior to presentation to the Board, the error was not noticed.

Recommendation:

More thought and time needs to be utilized in budget preparation. Budgets are an important process in the School District.

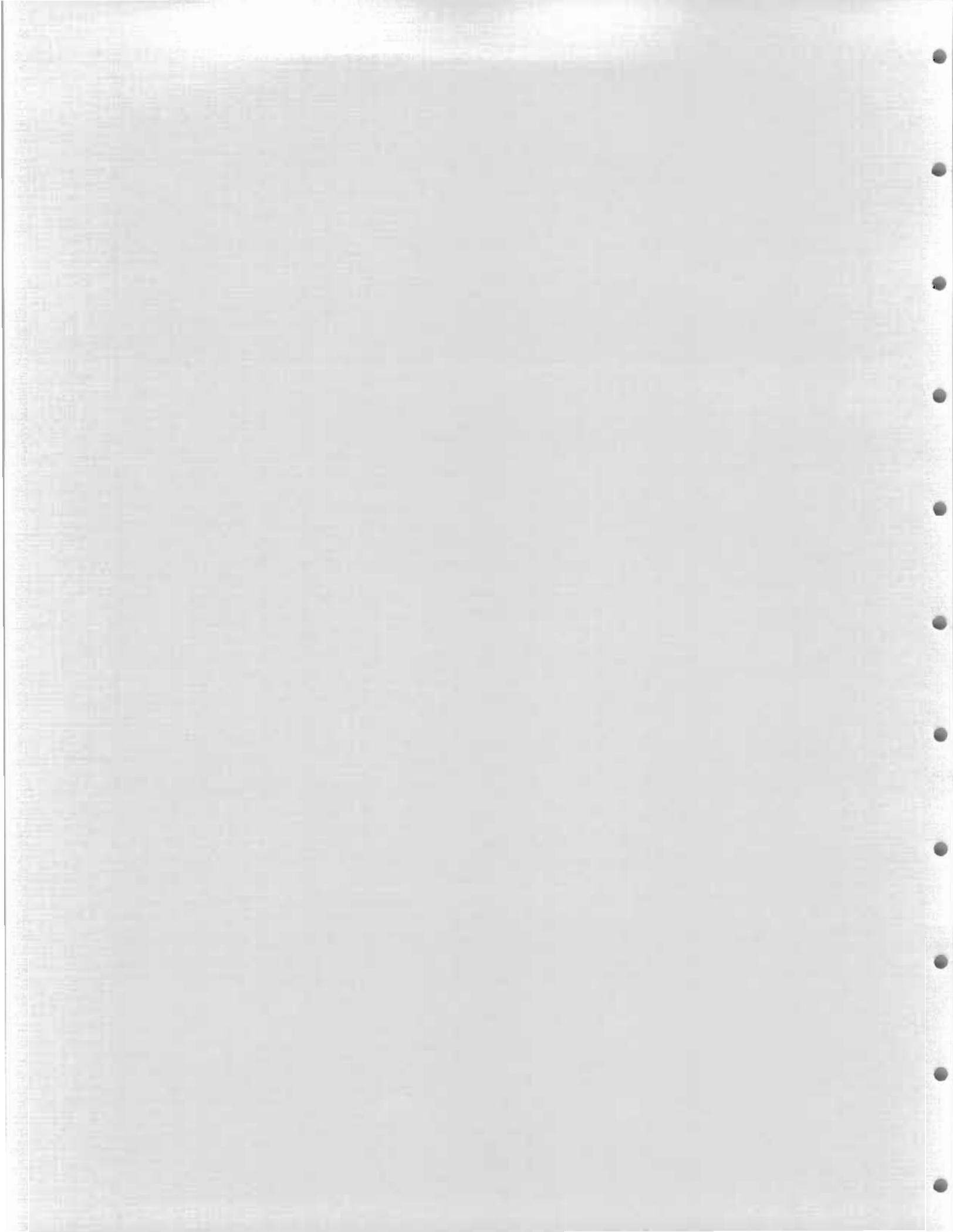
11-04

Condition:

The budgets are to be amended and approved by the School Board prior to October 15. The budgets for the year ended June 30, 2011, were not timely amended.

Effect and Criteria:

Section 37-61-21(2) requires that the School Board, with the assistance of the school board superintendent, shall prepare and file with the State Department of Education year-end financial statements and any other budgetary information that the State Board of Education may require. No additional changes may be made to the financial statements after October 15 of each year.



LAFAYETTE COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011

Section II: Financial Statement Findings - Continued

Cause:

Section 37-61-21(2) allows ample time for a school district to approve final budgets and to file year-end financial statements. The School District's Financial Administrator is responsible for preparing the final budget and the year-end financial statements for the Superintendent of Education to present to the Board of Education. The Superintendent of Education is responsible for ensuring that the final budget and year-end financial statements are presented for approval of the Board of Education in the required time allotted. The Superintendent should make certain that the time frame is met by requiring the final budget to be presented at (1) the first board meeting in October provided that meeting is prior to October 15<sup>th</sup>; (2) a called meeting if the first board meeting of October is after October 15; or (3) presented prior to October 1.

Recommendation:

The budgets should be amended before October 15 of each year.

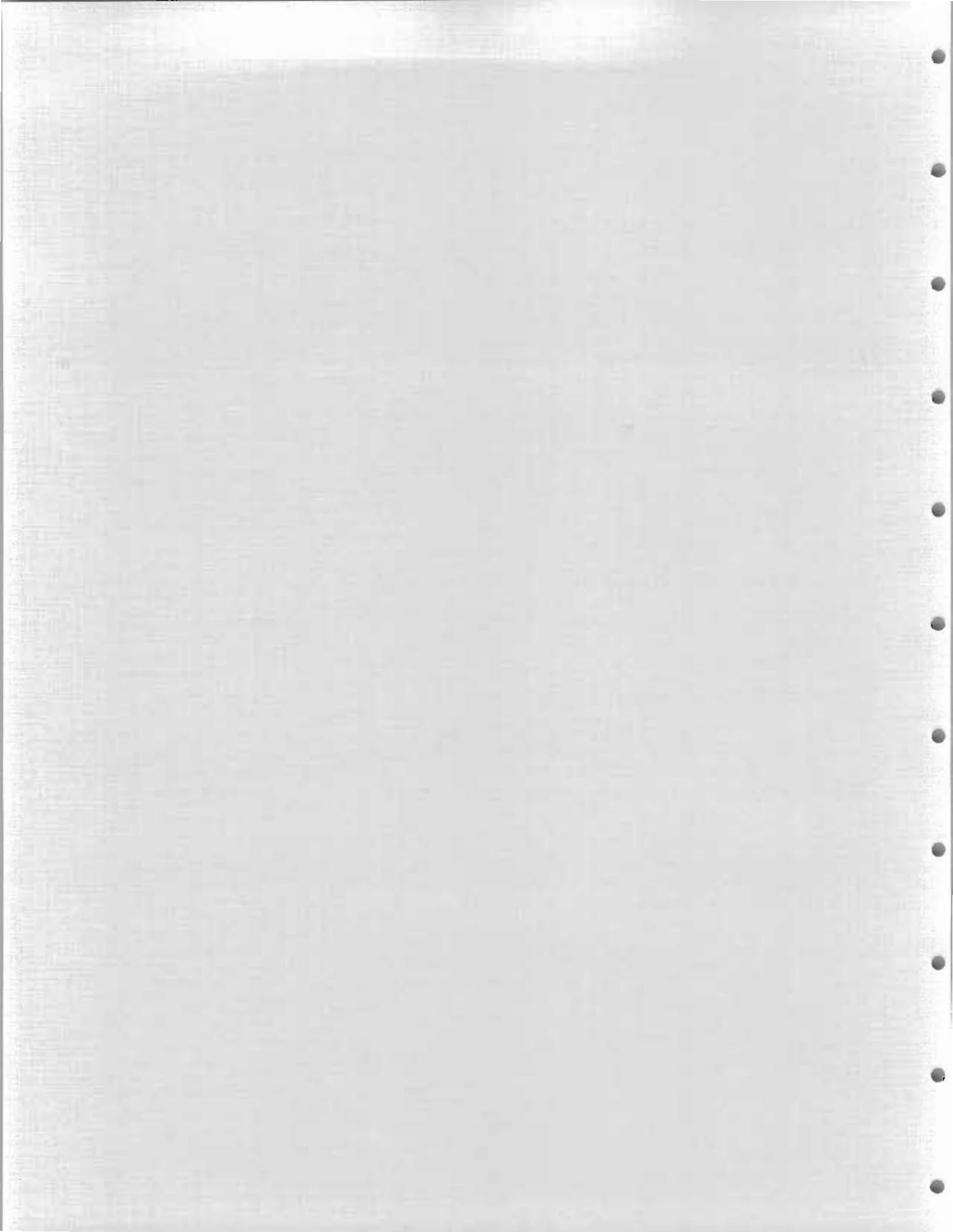
11-05

Condition and Criteria:

Section 37-9-18 requires that the School Board be given financial statements of cash receipts and disbursements by fund, on or before the last working day of the following month. The School Board did not receive timely reports in the entire year.

Effect:

Failure to receive timely financial reports could cause the District's governing authority to fail to respond timely to changes in revenue received or expenditures incurred.



LAFAYETTE COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011

Section II: Financial Statement Findings - Continued

Cause:

Section 37-9-18 is referring to a simple cash receipt and disbursement statement by fund. If the District maintains its financial records on a current basis presenting this report should be possible within the time allotted. Presentation can become a challenge when the Board of Education's meeting is at the beginning of the month and only one meeting is held a month. The District's Financial Administrator is responsible for preparing the reports in a timely manner for the Board. He should insure that the District maintains its records on a current basis so that cash receipts and disbursements by fund can be printed for the Board soon after the end of a month.

Recommendation:

The School Board needs to receive timely reports. Financial Administrators, who are presented with board meetings soon after the end of the month, could present a statement of cash receipts and disbursements at the meeting and present a corrected statement at a later date assuming changes were material.

11-06

Condition and Criteria:

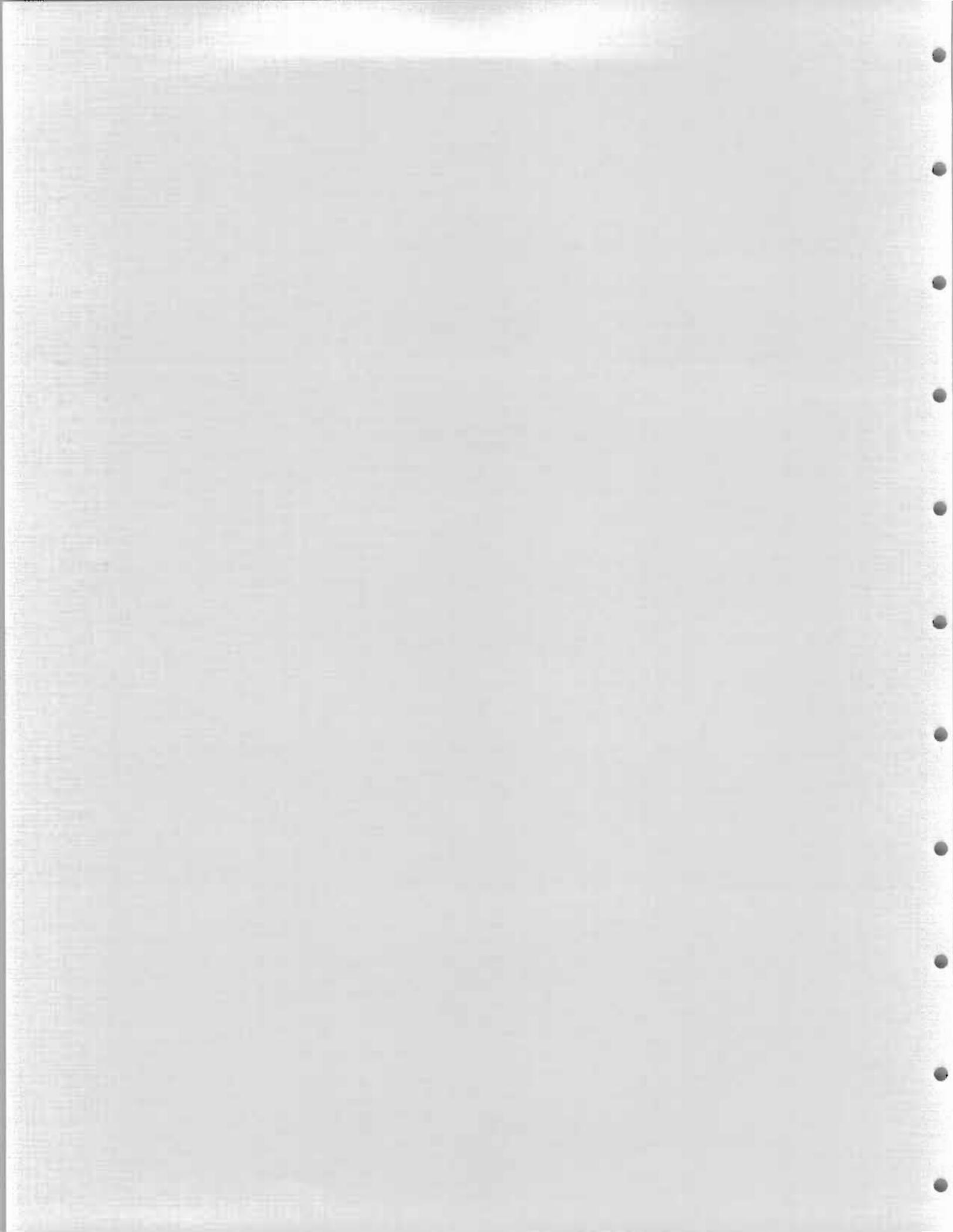
Section 71-5-359 requires that District maintain a fund for unemployment compensation based on a two percent computation of adjusted wages. The District has on deposit \$10,054.00 instead of the required \$46,632.00.

Effect:

The School District is not in compliance with Section 71-5-359.

Cause:

The School District has a Financial Administrator who is responsible for assuring that the financial records of the district are accurate and meet requirements of laws. The Financial Administrator failed to assure that the unemployment compensation fund had the required balance at the end of June 30, 2011.



LAFAYETTE COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011

Section II: Financial Statement Findings - Continued

Recommendation:

The fund should be increased to \$46,632.00. To avoid a reoccurrence of this problem, we recommend that the unemployment compensation fund be adjusted as soon as the client prepares his Federal Form W2. Using the W2's to compile the unfunded liability for unemployment compensation and making the adjustment at that time will preclude forgetting to adjust the account at the end of the school year. As a precaution, the Financial Manager should check the unemployment compensation fund balance in June to ascertain that the fund is in compliance.

11-07

Condition and Criteria:

Section 37-59-43 requires that interest earned on a combined general and special revenue bank account be allocated if the interest to an individual fund is \$100.00 or more.

Effect:

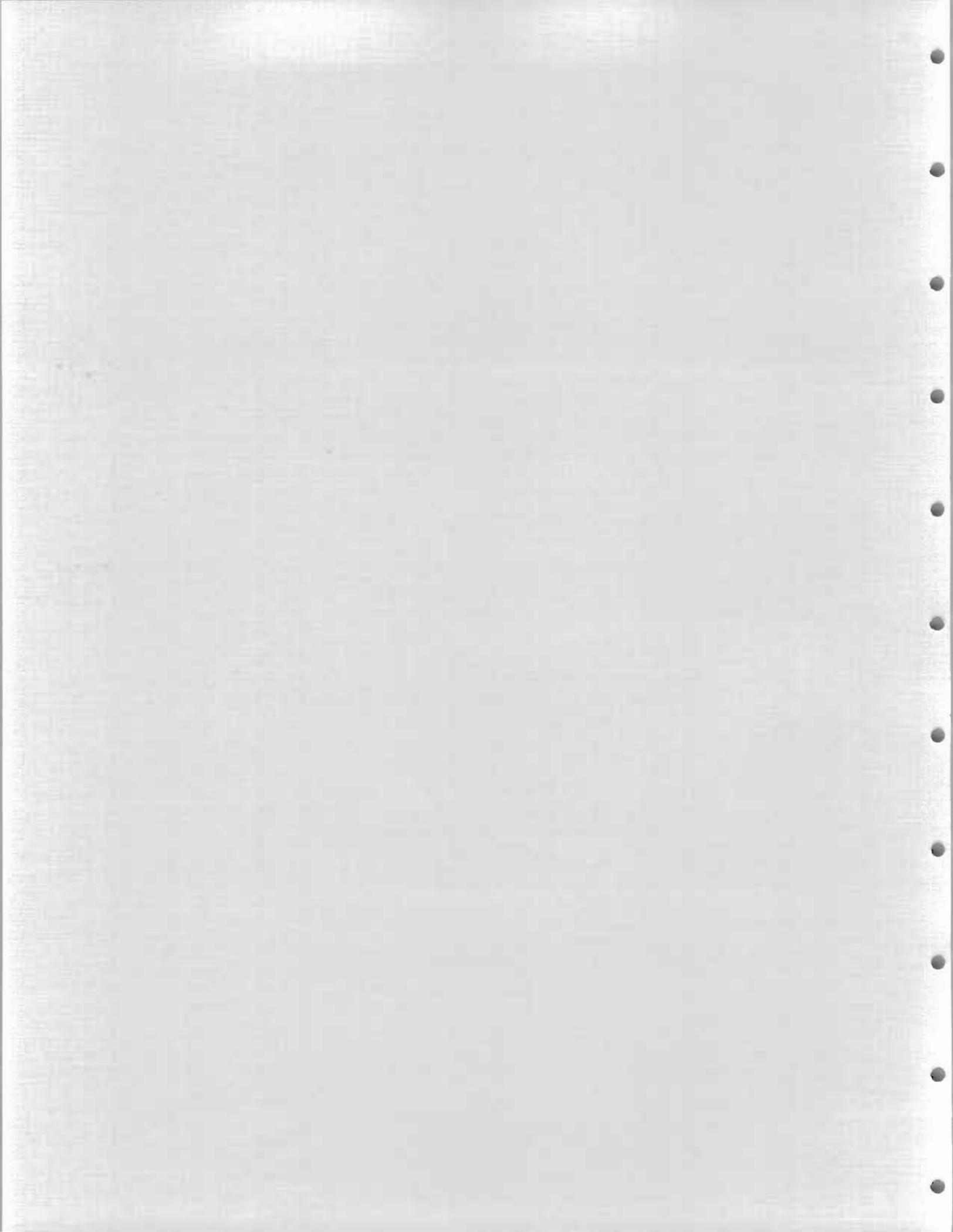
The School District did not allocate \$247.97 to Fund 2090, Extended School Year and \$2,550.24 to Fund 2410, EEF-Buildings and Buses.

Cause:

The School District did not adhere to Section 37-59-43. The School District employs a financial administrator whose responsibility is to assure that the financial records of the District are accurate and meet all requirements of law. The Administrator failed to compute the interest earned by the individual funds that comprise the combined general and special revenue checking account. Two funds whose interest income exceeded \$100 did not receive their allocation.

Recommendation:

The District should comply with Section 37-59-43.



LAFAYETTE COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011

Section II: Financial Statement Findings - Continued

11-08

Condition and Criteria:

Section 25-11-27 requires that form 4B be signed by PERS retirees who have returned to work at the District. During 2011-2012, thirteen PERS retirees returned to work. The District did not have Form 4B for six of the retirees.

Effect:

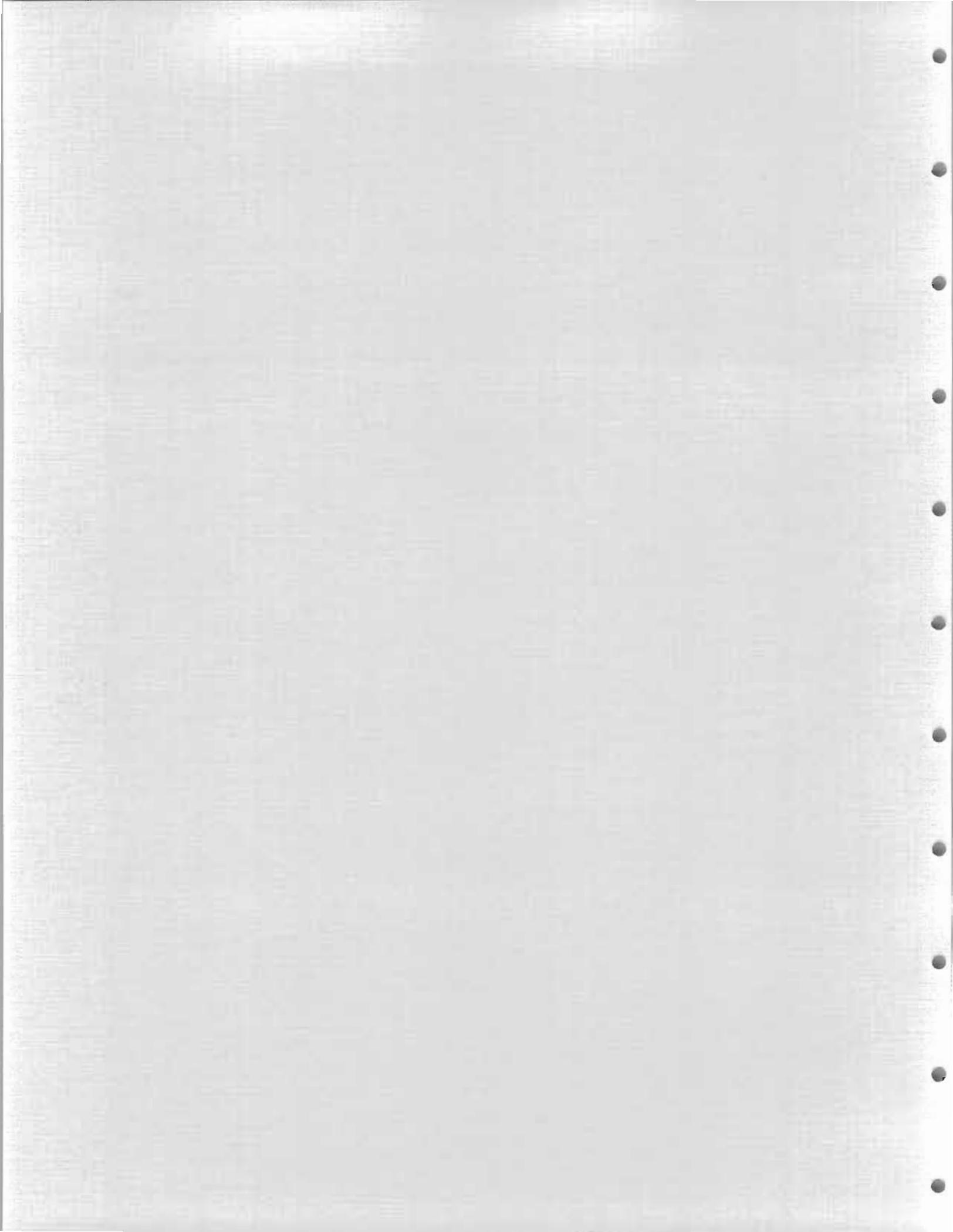
The School District is not in compliance with Section 25-11-27.

Cause:

The School District did not comply with Section 25-11-27. The School District's Personnel Director should complete form 4B when a person is hired by the School District. The Personnel Director does not interview all hired personnel.

Recommendation:

The Personnel Director should have a questionnaire that includes "Are you a PERS retiree?". All full-time, part-time, substitutes, and other short duration personnel should be interviewed by the Personnel Director.



LAFAYETTE COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011

Section II: Financial Statement Findings - Continued

11-09

Condition:

The School District did not prepare the schedule for ad valorem tax limitation.

Effect:

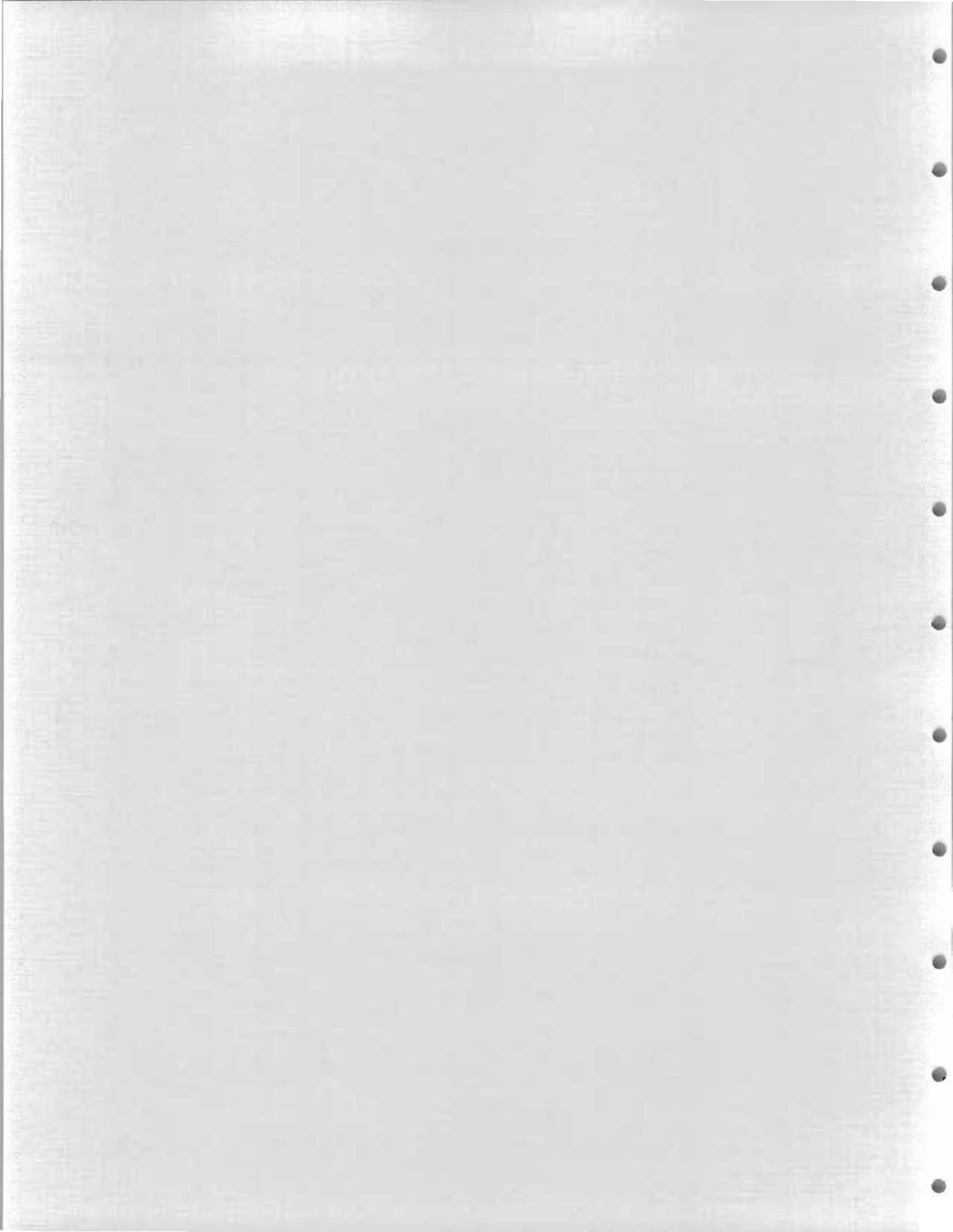
The School District did not know if it were in compliance with Sections 37-57-105 and 37-57-1 which states that the aggregate receipts from taxes levied for school district purposes shall not exceed the aggregate receipts from those sources during any one (1) of the immediately preceding three (3) fiscal years, as determined by the School Board, plus an increase not to exceed seven percent (7%). If the aggregate receipts exceed (7%) then an escrow amount of the overage is established which could reduce the next fiscal year's calculation.

Cause:

The School District did not adhere to Section 37-57-107. The School District employs a financial administrator who is responsible for the preparation of financial reports, budgets and tax requests for the Superintendent and Board of Education. The Financial Administrator is qualified to prepare this schedule. He did not; he feels that the form is not necessary.

Recommendation:

The District should prepare the schedule for ad valorem tax limitation.



LAFAYETTE COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011

Section III: Federal Award Findings and Questioned Costs

11-10

Condition:

The District's financial statements do not show any adult sales in the child nutrition fund for the year ended June 30, 2011.

Effect and Criteria:

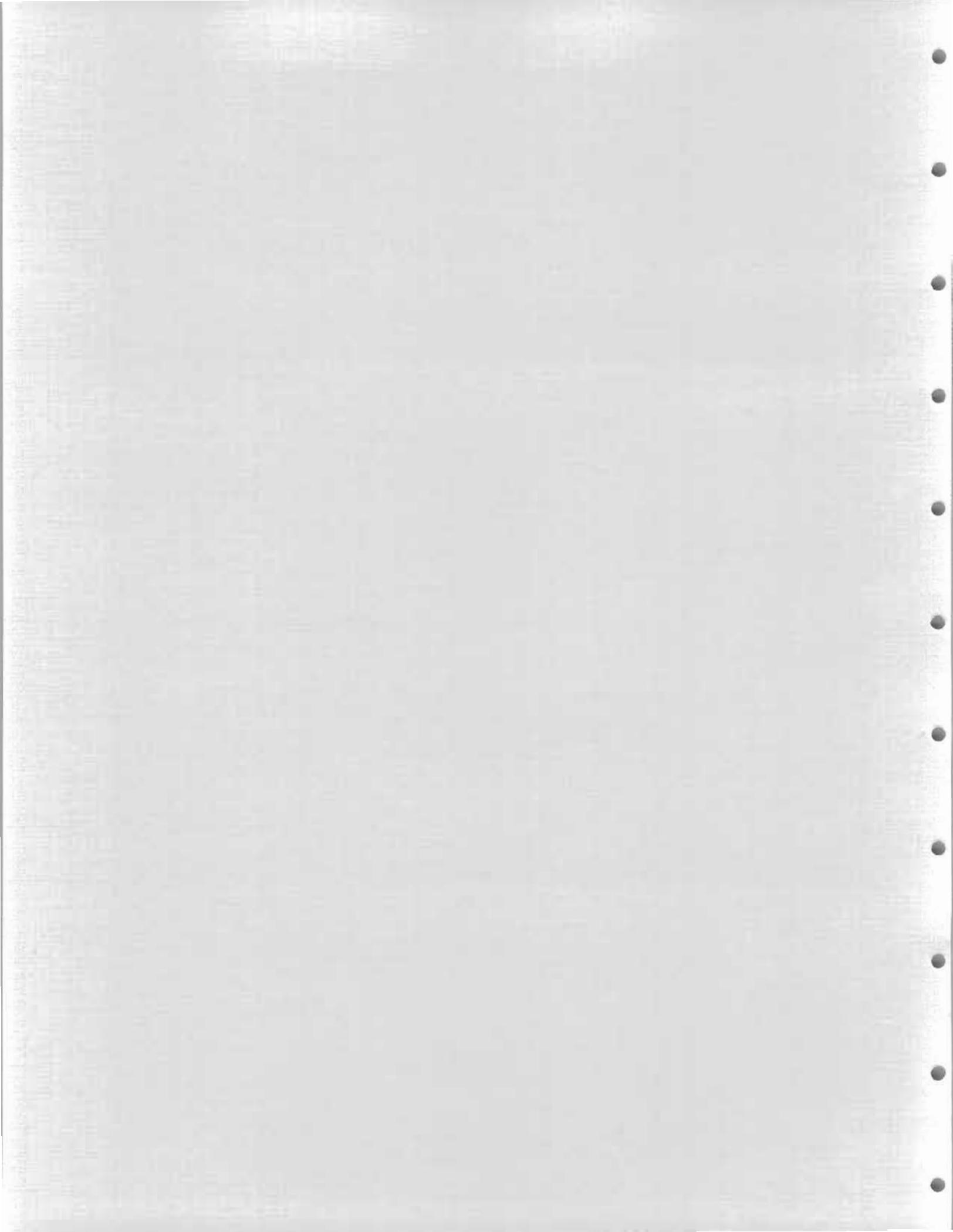
The School District is not in compliance with the Financial Accounting Manual for Mississippi Public School Districts, Section H, which states that all school districts shall utilize the prescribed coding systems as detailed in Sections H, I, J, K, L and M of the manual. Section K under Child Nutrition on page K-3 shows that Daily Sales-Adult should be shown in account 1621.

Cause:

The School District is in violation of Financial Accounting Manual.

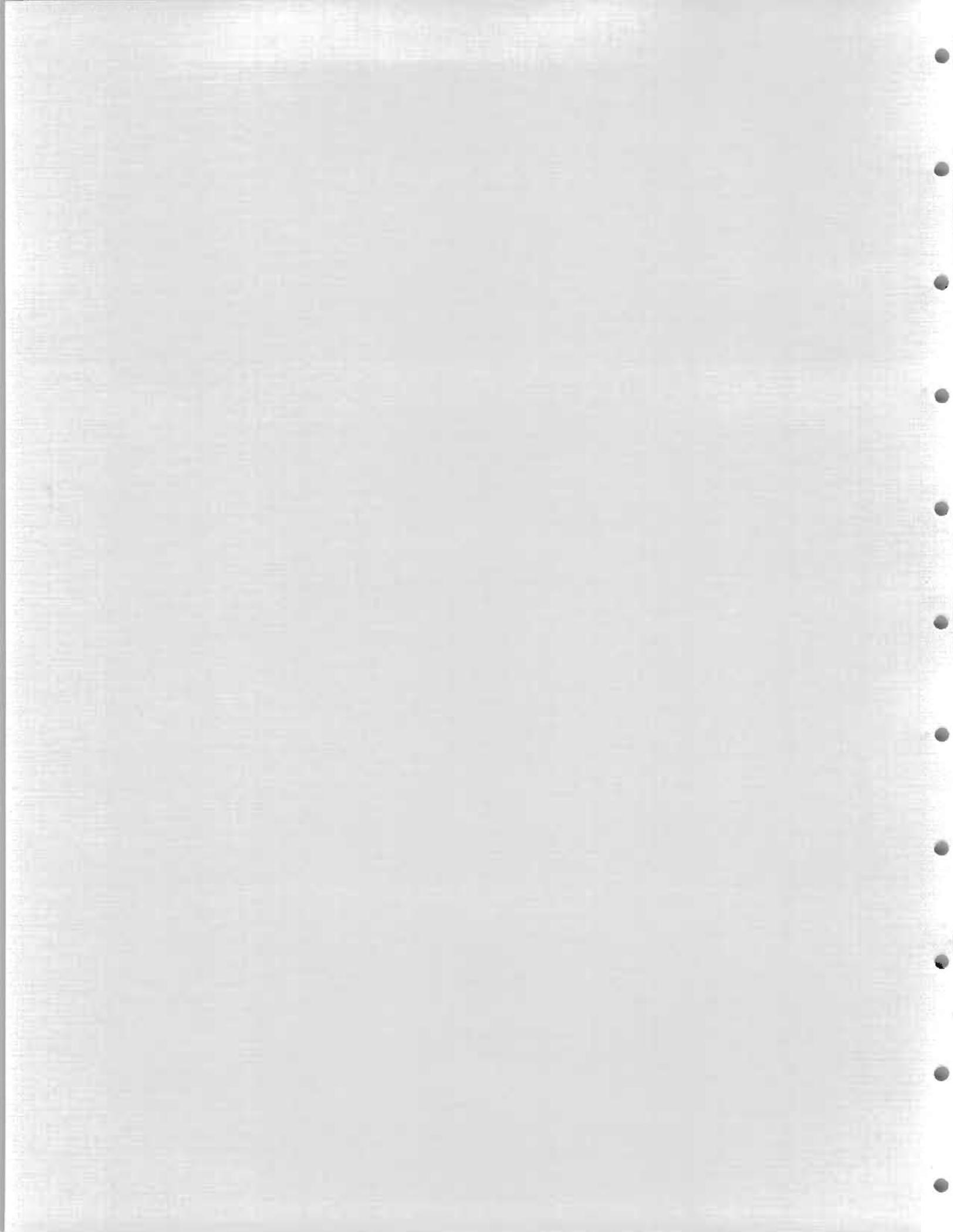
Recommendation:

We recommend that the District record adult sales of lunches and breakfasts under the revenue code function number 1621 as found in the Financial Accounting Manual for Mississippi Public Schools.



LAFAYETTE COUNTY SCHOOL DISTRICT

AUDITEE'S CORRECTIVE ACTION PLAN





## *Lafayette County School District*

100 Commodore Drive  
Oxford, Mississippi 38655  
Telephone: 662-234-3271  
Fax: 662-236-3019

Adam Pugh, Ph.D.  
Superintendent

October 29, 2012

Attention: Mr. Dwight Young, CPA  
The Dwight L. Young Group  
606 South 16th Street  
Oxford, MS 38655

This letter is a response to the findings associated with the financial audit of Lafayette County School District for the fiscal year ending June 30, 2011. Please see responses listed below.

### **11-01**

The school district will appoint someone to verify that the correct budgets are entered into the accounts software

### **11-02**

The district will ensure that proper care will be taken to prepare that funds will have balanced budgets

### **11-03**

The district will ensure that more thought and time will be utilized in budget preparation.

### **11-04**

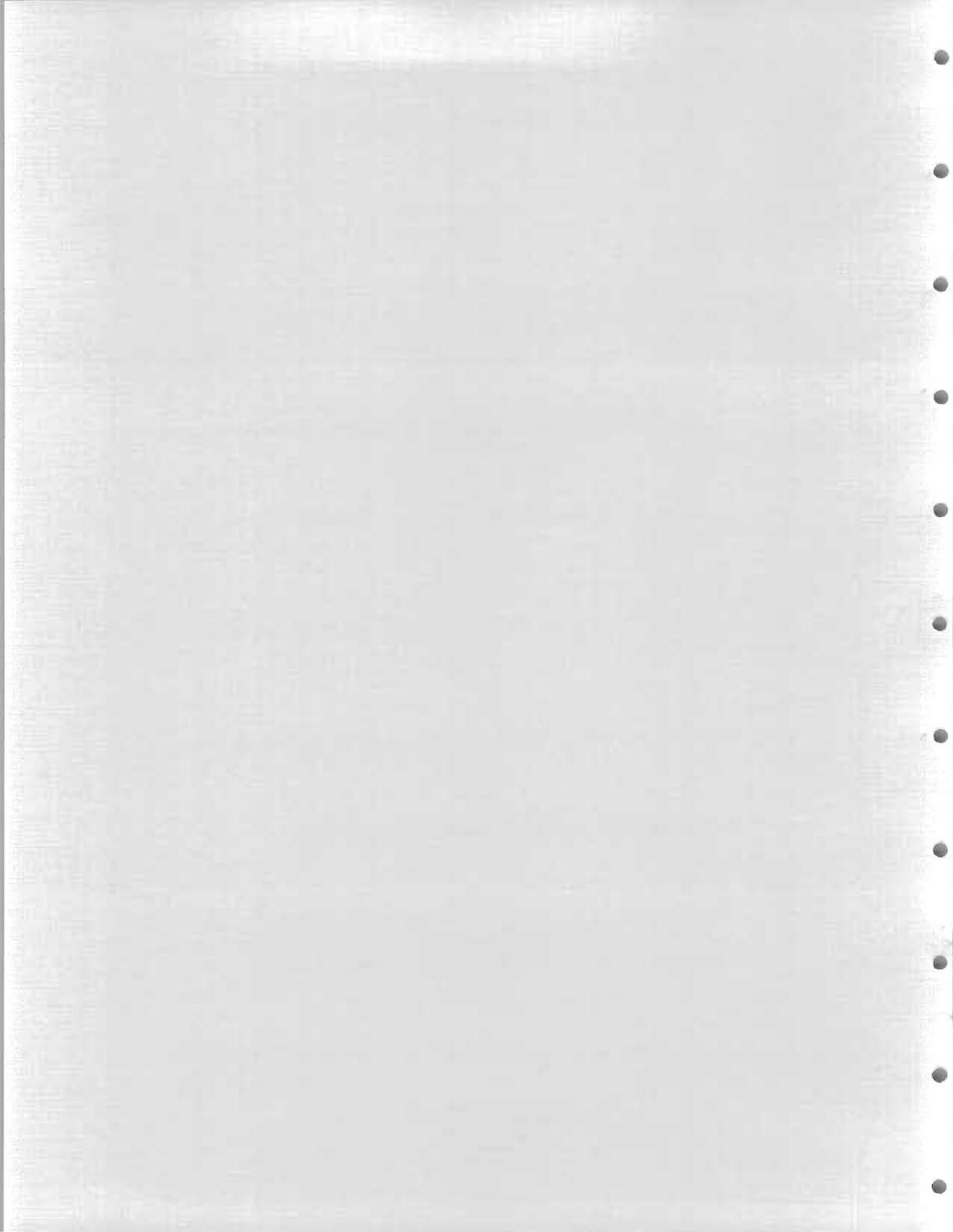
The School Board will approve the final budget by October 15th

### **11-05**

The School Board meets on the first Monday of each month, which does not allow adequate time for accurate financial statements for the prior month to be presented. Unless a meeting is specially called, this finding will persist each year.

### **11-06**

The school district will maintain proper amounts in the Unemployment Compensation Revolving Fund.



**11-07**

The school district will properly allocation interest among appropriate funds in the combined general and special revenue bank account.

**11-08**

The school district will take additional care to collect form 4B by informing all supervisors that the form should be collected in proper time from PERS retirees.

**11-09**

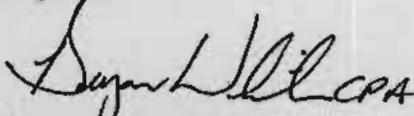
The district will prepare the schedule for ad valorem limitation in the future.

**11-10**

The district has taken already taken steps to address revenue recognition within the proper revenue function. Additional reports are now obtained from Food Services to allow us to separate adult food sales from student food sales, and will be accurately represented in the future.

If you have questions regarding our responses, please feel free to contact my office.

Regards,



Bryan White, CPA  
Business Manager

