

COAHOMA COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2007

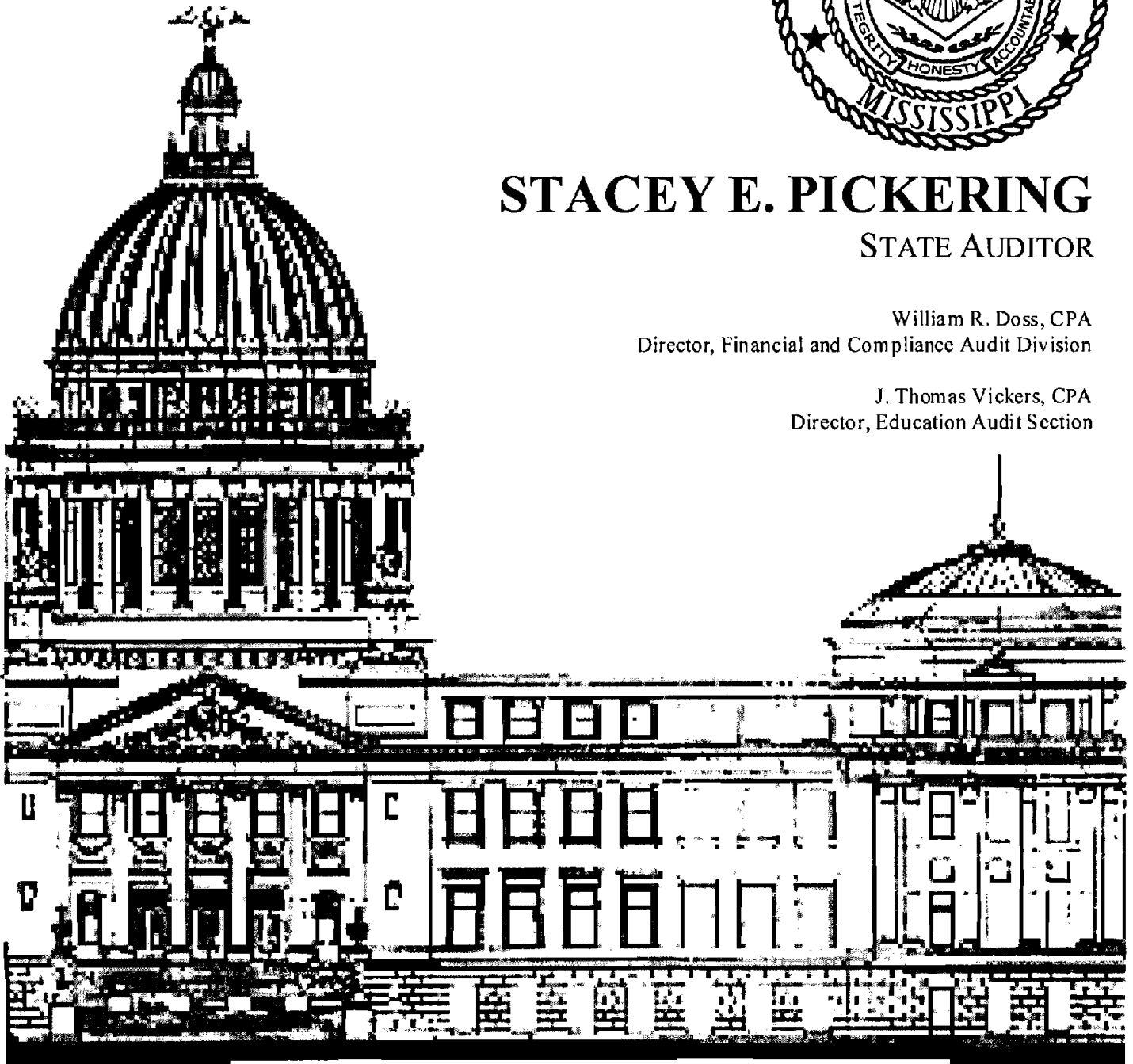


STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

J. Thomas Vickers, CPA
Director, Education Audit Section



A Report from the Education Audit Section

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COAHOMA COUNTY SCHOOL DISTRICT

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COAHOMA COUNTY SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

COAHOMA COUNTY SCHOOL DISTRICT

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
STATE AUDITOR

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

Superintendent and School Board
Coahoma 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 Coahoma County School District as of and for the year ended June 30, 2007, which collectively comprise the Coahoma County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Coahoma County School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

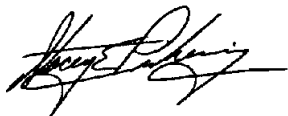
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Coahoma County School District, as of June 30, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

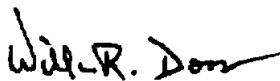
In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2009, on our consideration of the Coahoma County School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 7 through 15 and the Budgetary Comparison Schedule and corresponding notes on pages 45 through 47 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

June 16, 2009

COAHOMA COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

COAHOMA COUNTY SCHOOL DISTRICT

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COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

The discussion and analysis of the Coahoma County School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the District's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets, including the effect of a prior period adjustment of \$60, increased \$1,297,397, which represents a 31% increase from fiscal year 2006. This increase in net assets is primarily due to the following: 1) an increase in ad valorem tax revenue, 2) an increase in Mississippi Adequate Education Program (MAEP) funds, and 3) conservative budgeting and spending during the fiscal year.
- General revenues accounted for \$12,584,751 in revenue, or 73% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,582,756, or 27% of total revenues.
- The District had \$15,870,170 in expenses; only \$4,582,756 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$12,584,751 were adequate to provide for these programs.
- Among major funds, the General Fund had \$11,082,287 in revenues and \$10,492,822 in expenditures. After net other financing sources of \$158,209, the net change in fund balance for the General Fund was an increase of \$747,674 from the previous fiscal year. This increase is a result of the increased amount of ad valorem tax revenue, an increase in MAEP funds and conservative budgeting and spending during the fiscal year.
- Capital assets, net of accumulated depreciation, decreased by \$3,464.
- Long-term debt increased by \$1,193,575. During the fiscal year, the District made principal payments in the amount of \$500,000 on long-term debt and received proceeds totaling \$1,704,000 from the issuance of a three mill note and a shortfall note. In addition, the liability for compensated absences decreased by \$10,425.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

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

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

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

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

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

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

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

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

COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

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

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

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

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 are also included in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$5,459,664 as of June 30, 2007.

The district's net assets are comprised of 1) net assets invested in capital assets, net of related debt, 2) restricted net assets and 3) unrestricted net assets. \$546,762 of the District's net assets (10%) reflects its investment in capital assets (e.g., land, construction in progress, buildings, building improvements, mobile equipment and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending. \$3,269,518 of the District's net assets (60%) reflects its restricted net assets. A portion of the restricted net assets is expendable for school based activities, debt service, capital improvements, forestry improvements and unemployment benefits. The remaining portion of the restricted net assets is nonexpendable for 16th section investment purposes. \$1,643,384 of the District's net assets (30%) reflects its unrestricted net assets.

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.

COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

Table 1 presents a summary of the District's net assets for the fiscal years ended June 30, 2007 and June 30, 2006.

Table 1
Condensed Statement of Net Assets

	Net Assets		Total Percentage Change 2006-2007
	June 30, 2007	June 30, 2006	
Current assets	\$ 5,156,369	3,631,362	42.0%
Other assets	352,859	371,253	(5.0)%
Capital assets, net	<u>6,011,762</u>	<u>6,015,226</u>	(0.1)%
Total assets	<u>11,520,990</u>	<u>10,017,841</u>	15.0%
Current liabilities	310,804	1,298,627	(76.1)%
Long-term debt outstanding	<u>5,750,522</u>	<u>4,556,947</u>	26.2%
Total liabilities	<u>6,061,326</u>	<u>5,855,574</u>	3.5%
Net assets:			
Invested in capital assets, net of related debt	546,762	1,550,226	(65.0)%
Restricted	3,269,518	1,061,669	208.0%
Unrestricted	<u>1,643,384</u>	<u>1,550,372</u>	6.0%
Total Net Assets	<u>\$ 5,459,664</u>	<u>4,162,267</u>	31.2%

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

- Current assets increased from the previous fiscal year due primarily to an increase in cash and cash equivalents and amounts due from other governments. Cash increased during the fiscal year as a result of proceeds of loans in which the majority of the funds remained unspent at fiscal year end. Amounts reported as due from other governments increased from the previous fiscal year due primarily to the reclassification of amounts due from agency funds at fiscal year end.
- Current liabilities decreased from the previous fiscal year due primarily to a decrease in accounts payable and accrued liabilities. In the previous fiscal year, accrued payroll liabilities at fiscal year end were reported in the governmental funds. However, accrued payroll liabilities for the current fiscal year are reported in the fiduciary funds.
- Long-term debt outstanding increased from the previous fiscal year due primarily to the issuance of a three mill note and a shortfall note.
- Restricted net assets increased from the previous fiscal year due primarily to an increase in amounts restricted for school based activities.

COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2007 were \$17,167,507. The total cost of all programs and services was \$15,870,170. Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2007 and June 30, 2006.

**Table 2
Changes in Net Assets**

	Change in Net Assets		Total Percentage Change
	June 30, 2007	June 30, 2006	2006-2007
Revenues:			
Program revenues:			
Charges for services	\$ 147,790	213,810	(30.9)%
Operating grants and contributions	4,434,966	5,667,551	(21.7)%
General revenues:			
Property taxes	3,501,091	2,936,422	19.2%
Grants and contributions not restricted	8,083,756	6,335,120	27.6%
Other	999,904	759,170	31.7%
Total revenues	<u>17,167,507</u>	<u>15,912,073</u>	7.9%
Expenses:			
Instruction	8,363,899	8,006,094	4.5%
Support services	6,065,510	5,725,799	5.9%
Non-instructional	1,140,708	1,132,152	0.8%
Sixteenth section	58,711	66,850	(12.2)%
Interest and other expenses on long-term liabilities	241,342	210,144	14.8%
Total expenses	<u>15,870,170</u>	<u>15,141,039</u>	4.8%
Increase (Decrease) in net assets	1,297,337	771,034	68.2%
Net Assets, July 1	4,162,267	3,391,233	22.7%
Prior Period Adjustments	60		
Net Assets, Restated, July 1	<u>4,162,327</u>	<u>3,391,233</u>	22.7%
Net Assets, June 30	<u>\$ 5,459,664</u>	<u>\$4,162,267</u>	31.2%

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

- Program revenues decreased from the previous fiscal year due primarily to a decrease in operating grants and contributions.
- General revenues increased from the previous fiscal year due primarily to an increase in ad valorem taxes and unrestricted state grants and contributions, specifically state funds received under the Mississippi Adequate Education Program (MAEP).

COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

Governmental activities. Table 3 presents, for the fiscal year ended June 30, 2007 and comparative data for the fiscal year ended June 30, 2006, the cost of five major District functional activities: instruction, support services, non-instructional, sixteenth section and interest and other expenses on long-term debt. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities

	Total Expenses		Total Percentage Change 2006-2007
	2007	2006	
Instruction	\$ 8,363,899	8,006,094	4.5%
Support services	6,065,510	5,725,799	5.9%
Non-instructional	1,140,708	1,132,152	0.8%
Sixteenth section	58,711	66,850	(12.2)%
Interest and other expenses on long-term debt	<u>241,342</u>	<u>210,144</u>	14.8%
Total Expenses	<u>\$ 15,870,170</u>	<u>15,141,039</u>	4.8%

	Net (Expense) Revenue		Total Percentage Change 2006-2007
	2007	2006	
Instruction	\$ (6,636,974)	(5,029,294)	32.0%
Support services	(4,395,531)	(4,366,235)	0.7%
Non-instructional	44,357	155,568	(71.5)%
Sixteenth section	(57,924)	(66,850)	(13.4)%
Interest and other expenses on long-term debt	<u>(241,342)</u>	<u>47,133</u>	(612.0)%
Total Net (Expense) Revenue	<u>\$ (11,287,414)</u>	<u>(9,259,678)</u>	21.9%

- The net cost of governmental activities for fiscal year 2007 in the amount of \$11,287,414 was financed by general revenue, which is made up of primarily property taxes of \$3,501,091 and state revenue of \$7,806,932.
- Investment earnings accounted for \$269,081 of funding.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed fiscal year June 30, 2007, its governmental funds reported a combined fund balance of \$5,279,749. The net change in fund balance for the fiscal year was an increase of \$2,530,273 due primarily to the following: 1) proceeds of loans received during the fiscal year for the renovation and construction of school facilities in which the majority of the proceeds remained unspent at fiscal year end, 2) an increase in ad valorem tax revenue, 3) an increase in Mississippi Adequate Education Program (MAEP) funds, and 4) conservative budgeting and spending during the fiscal year. An increase in the reserve for inventory of \$6,387 increased the fund balance at the end of the fiscal year. \$2,782,831, or 53%, of the fund balance is reported by fund type in the unreserved, undesignated section of the Governmental Funds Balance Sheet. The portion of the fund balance reported in the General Fund is available for spending at the District's discretion. The portion of the fund balance reported in the Special Revenue Funds will be used for school based activities. The portion of the unreserved, undesignated fund balance reported in the Permanent Funds is a result of earnings on investments in the Sixteenth Section Principal Fund that have not yet been transferred to the Sixteenth Section Interest Fund. The remaining fund balance of \$2,496,918, or 47%, is reserved or designated to indicate that it is not available for spending because it has already been committed. This portion of the fund balance is reserved for advances, inventory, unemployment benefits, forestry improvements, capital project purposes, debt service purposes and permanent fund purposes.

The General Fund is the principal operating fund of the District. The net change in fund balance for the General Fund for the fiscal year was an increase of \$747,674 due primarily to the increased amount of ad valorem tax revenue, an increase in MAEP funds and conservative budgeting and spending during the fiscal year. The net change in fund balance for the Building Project Fund for the fiscal year was an increase of \$1,247,019 due to proceeds of loans received during the fiscal year for the renovation and construction of school facilities in which the majority of the proceeds remained unspent at fiscal year end. The net change in fund balance for the Other Governmental Funds for the fiscal year was an increase of \$541,967, which includes the increase in reserve for inventory of \$6,387, due primarily to the excess of revenues over expenditures in various funds.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget. However, the budget revisions were routine in nature and were not considered significant when compared to overall revenues and expenditures.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2007, the District's total capital assets, before depreciation, were \$12,054,464, including land, construction in progress, buildings, building improvements, mobile equipment and furniture and equipment. This amount represents a gross increase of \$319,373 from the previous year. During the fiscal year, the District incurred costs related to the renovation of the high school gymnasium and re-roofing projects at two elementary schools and purchased two new school buses. Total depreciation expense for the year was \$328,666. Total accumulated depreciation as of June 30, 2007 was \$6,042,702, resulting in total net capital assets of \$6,011,762.

COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Capital Assets, Net of Depreciation		Total Percentage Change
	2007	2006	2006-2007
Land	\$ 27,423	27,423	0.0%
Construction in progress	206,260		
Buildings	2,964,176	3,037,423	(2.4)%
Building improvements	2,274,160	2,427,701	(6.3)%
Mobile equipment	513,262	486,612	5.5%
Furniture and equipment	26,481	36,067	(26.6)%
Total	\$ 6,011,762	6,015,226	(0.1)%

Debt Administration. At June 30, 2007, the District had \$5,750,522 in general and limited obligation bonds and other long-term debt outstanding, of which \$512,076 is due within one year. During the fiscal year, the District made principal payments in the amount of \$500,000 on long-term debt. The District also received proceeds of loans totaling \$1,704,000 from the issuance of a three mill note and a shortfall note.

Table 5
Outstanding Long-Term Debt at June 30

	Outstanding Debt		Total Percentage Change
	2007	2006	2006-2007
General obligation school refunding bonds series 2004	\$ 2,505,000	2,720,000	(7.9)%
Limited obligation bonds payable	1,460,000	1,560,000	(6.4)%
Three mill notes payable	1,500,000	185,000	710.8%
Shortfall notes payable	204,000		
Compensated absences payable	81,522	91,947	(11.3)%
Total	\$ 5,750,522	4,556,947	26.2%

COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

CURRENT ISSUES

The Coahoma County School District is financially stable. The District is proud of its community support of the public schools. The District has committed itself to financial excellence for many years. In addition, the District's system of financial planning, budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Coahoma County School District, P. O. Box 820, Clarksdale, MS 38614.

COAHOMA COUNTY SCHOOL DISTRICT

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COAHOMA COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

COAHOMA COUNTY SCHOOL DISTRICT

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COAHOMA COUNTY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2007

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 3,814,289
Due from other governments	994,546
Inventories	35,128
Restricted assets	665,265
Capital assets, non-depreciable:	
Land	27,423
Construction in progress	206,260
Capital assets, net of accumulated depreciation:	
Buildings	2,964,176
Building improvements	2,274,160
Mobile equipment	513,262
Furniture and equipment	26,481
	<u>11,520,990</u>
Total Assets	
Liabilities	
Accounts payable and accrued liabilities	209,216
Unearned revenue	20,263
Interest payable on long-term liabilities	81,325
Long-term liabilities, due within one year	
Capital related liabilities	445,000
Non-capital related liabilities	67,076
Long-term liabilities, due beyond one year	
Capital related liabilities	5,020,000
Non-capital related liabilities	218,446
	<u>6,061,326</u>
Total Liabilities	
Net Assets	
Invested in capital assets, net of related debt	1,793,781
Restricted net assets:	
Expendable:	
School-based activities	889,053
Debt service	646,811
Forestry improvements	54,994
Unemployment benefits	59,388
Non-expendable:	
Sixteenth section	372,253
Unrestricted	1,643,384
	<u>5,459,664</u>
Total Net Assets	<u>\$ 5,459,664</u>

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

COAHOMA COUNTY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2007

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
Instruction	\$ 8,363,899	81,746	1,645,179		(6,636,974)	
Support services	6,065,510		1,669,979		(4,395,531)	
Non-instructional	1,140,708	65,257	1,119,808		44,357	
Sixteenth section	58,711	787			(57,924)	
Interest and other expenses on long-term liabilities	241,342				(241,342)	
Total Governmental Activities	\$ 15,870,170	147,790	4,434,966	0	(11,287,414)	
General						
Taxes:						
General purpose levies						3,015,969
Debt purpose levies						485,122
Unrestricted grants and contributions:						
State						7,806,932
Federal						276,824
Unrestricted investment earnings						269,081
Sixteenth section sources						502,252
Other						228,571
Total General Revenues						12,584,751
Change in Net Assets						1,297,337
Net Assets - Beginning						4,162,267
Prior Period Adjustments						60
Net Assets - Beginning - Restated						4,162,327
Net Assets - Ending						\$ 5,459,664

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

COAHOMA COUNTY SCHOOL DISTRICT
 Balance Sheet - Governmental Funds
 June 30, 2007

Exhibit C

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Title I Fund	Building Project Fund		
ASSETS					
Cash and cash equivalents	\$ 1,447,013	96,841	1,295,389	1,598,520	4,437,763
Investments				41,791	41,791
Due from other governments	193,445	142,308		335,616	671,369
Due from other funds	848,748	455		496,346	1,345,549
Advance to other funds				82,125	82,125
Inventories				35,128	35,128
Total Assets	\$ 2,489,206	239,604	1,295,389	2,589,526	6,613,725
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 77,889	28,480	48,370	54,477	209,216
Due to other funds	400,286	211,124		410,962	1,022,372
Advances from other funds	82,125				82,125
Unearned revenue				20,263	20,263
Total Liabilities	560,300	239,604	48,370	485,702	1,333,976
Fund Balances:					
Reserved for:					
Advances				82,125	82,125
Inventory				35,128	35,128
Capital projects			1,247,019		1,247,019
Debt service				728,136	728,136
Unemployment benefits				59,388	59,388
Forestry improvement purposes				54,994	54,994
Permanent fund purposes				290,128	290,128
Unreserved for:					
Undesignated, reported in:					
General Fund	1,928,906				1,928,906
Special Revenue Funds				841,636	841,636
Permanent Funds				12,289	12,289
Total Fund Balances	1,928,906		1,247,019	2,103,824	5,279,749
Total Liabilities and Fund Balances	\$ 2,489,206	239,604	1,295,389	2,589,526	6,613,725

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

COAHOMA COUNTY SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2007

Exhibit C-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 5,279,749
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$6,042,702.	6,011,762
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(5,750,522)
3. Governmental funds recognize interest on long-term debt when it becomes due, however the Statement of Net Assets recognizes interest as it accrues.	<u>(81,325)</u>
Total Net Assets - Governmental Activities	<u>\$ 5,459,664</u>

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

COAHOMA COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

Exhibit D

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Title I Fund	Building Project Fund		
Revenues:					
Local sources	\$ 3,351,891		48,536	667,214	4,067,641
Intermediate sources				77,180	77,180
State sources	7,453,409			553,255	8,006,664
Federal sources	276,987	1,122,313		3,112,756	4,512,056
Sixteenth section sources				503,966	503,966
Total Revenues	<u>11,082,287</u>	<u>1,122,313</u>	<u>48,536</u>	<u>4,914,371</u>	<u>17,167,507</u>
Expenditures:					
Instruction	6,245,820	346,660	2,174	1,498,175	8,092,829
Support services	4,191,710	650,769	93,083	1,155,952	6,091,514
Noninstructional services	21,649	117,760		1,002,317	1,141,726
Sixteenth section				58,711	58,711
Facilities acquisition and construction			206,260		206,260
Debt service:					
Principal				500,000	500,000
Interest	33,643			162,985	196,628
Advance refunding escrow				2,490	2,490
Total Expenditures	<u>10,492,822</u>	<u>1,115,189</u>	<u>301,517</u>	<u>4,380,630</u>	<u>16,290,158</u>
Excess (Deficiency) of Revenues over Expenditures	<u>589,465</u>	<u>7,124</u>	<u>(252,981)</u>	<u>533,741</u>	<u>877,349</u>
Other Financing Sources (Uses):					
Proceeds of loans	204,000		1,500,000		1,704,000
Operating transfers in	105,367			103,030	208,397
Operating transfers out	(103,030)	(7,124)		(98,243)	(208,397)
Other financing uses	(48,128)			(2,948)	(51,076)
Total Other Financing Sources (Uses)	<u>158,209</u>	<u>(7,124)</u>	<u>1,500,000</u>	<u>1,839</u>	<u>1,652,924</u>
Net Change in Fund Balances	<u>747,674</u>	<u></u>	<u>1,247,019</u>	<u>535,580</u>	<u>2,530,273</u>
Fund Balances:					
July 1, 2006	1,181,232			1,561,857	2,743,089
Increase in reserve for inventory				6,387	6,387
June 30, 2007	\$ <u>1,928,906</u>	<u>0</u>	<u>1,247,019</u>	<u>2,103,824</u>	<u>5,279,749</u>

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

COAHOMA COUNTY SCHOOL DISTRICT
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2007

Exhibit D-1

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 2,530,273
Amounts reported for governmental activities in the Statement of Activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$325,200 and the depreciation expense amounted to \$328,666.	(3,466)
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds..	(1,704,000)
3. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Activities.	500,000
4. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.	(42,224)
5. Gains and losses on the sale or disposals of assets are not reported in the governmental funds, but are reported in the Statement of Activities, net of proceeds.	(58)
6. Increase in the inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are decreased in the Statement of Activities.	6,387
7. Expenses in the Statement of Activities not normally paid with expendable available financial resources are not reported as expenditures in the governmental funds:	
Compensated absences	<u>10,425</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,297,337</u>

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

COAHOMA COUNTY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
June 30, 2007

Exhibit E

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 1,000	1,268,555
Total Assets	<u>\$ 1,000</u>	<u>1,268,555</u>
Liabilities		
Accounts payable and accrued liabilities	\$	932,524
Due to other funds		323,177
Due to student clubs		<u>12,854</u>
Total Liabilities	<u>\$ 0</u>	<u>1,268,555</u>
Net Assets		
Held in trust	<u>\$ 1,000</u>	
Total Net Assets	<u>\$ 1,000</u>	

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

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2007

(1) Summary of Significant Accounting Policies.

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

A. Financial Reporting Entity.

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the school district's governing board.

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

B. Basis of Presentation.

The school district's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the school district as a whole. They include all funds of the reporting entity except for fiduciary funds, if applicable. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

The Statement of Net Assets presents the financial condition of the governmental activities of the school district at year-end. The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the school district's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the school district, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the school district.

Fund Financial Statements:

Fund financial statements of the school district are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2007

C. Measurement Focus and Basis of Accounting.

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting as are the Fiduciary Fund financial statements. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flow takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Program revenues on the Statement of Activities consist primarily of state appropriations and federal awards.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Property taxes, state appropriations and federal awards associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. It accounts for all financial resources of the school district, except those required to be accounted for in another fund.

Title I Fund - This is a Special Revenue Fund that accounts for the federal revenue received under the Title I Grants to Local Educational Agencies grant and the expenditures incurred related to the grant.

Building Project Fund - This is a Capital Projects Fund that accounts for the proceeds of a three mill note payable and expenditures incurred for the renovation and/or construction of school facilities.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2007

FIDUCIARY FUNDS

Private-purpose Trust Funds - Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments.

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. Account Classifications.

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

E. Encumbrances.

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

F. Cash and Cash Equivalents.

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.

Cash and cash equivalents consist of amounts on deposit in demand accounts and certificates of deposit with original maturities of three months or less. Cash and cash equivalents are valued at cost.

G. 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 a maturity greater than three months when acquired.

Investments are reported at fair value.

H. 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.

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2007

I. Capital Assets.

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.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are reported in the government-wide statements.

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

	<u>Capitalization Policy</u>	<u>Estimated 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 4 for details.

J. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, warrants, notes, or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments. In the government-wide Statement of Net Assets, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column. See Note 5 for details.

K. Interfund Transactions and Balances.

Interfund transactions and balances are the result of timing differences between the date expenses/expenditures occur and the date payments are made.

Short-term (due within one year) interfund loan receivables are reported as "due from other funds" and are considered available expendable resources. Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2007

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 3 for details for interfund transactions, including receivables and payables at year-end.

L. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

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

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

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

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

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

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

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

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

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

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2007

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

M. Property Taxes.

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.

N. Mississippi Adequate Education Program Revenues.

Revenues from the 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.

O. Compensated Absences.

Employees of the school district accumulate sick leave at a minimum amount as required by state law or at a greater amount provided by school district policy. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

(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.

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

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2007

Investment income on bond funds (Capital Projects Funds), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Amounts less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$4,437,763 and \$1,269,555, respectively. The carrying amount of deposits reported in the government-wide financial statements was: cash and cash equivalents - \$3,814,289, 16th Section Principal Fund (Permanent Fund) cash of \$311,068 and MAEP Retirement Fund cash of \$312,406 which are included in Restricted Assets. The bank balance was \$6,148,122.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2007, none of the district's bank balance of \$6,148,122 was exposed to custodial credit risk.

Investments.

As of June 30, 2007, the district had the following investments.

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities Money Market Mutual Fund	Less than 1 year	\$ <u>41,791</u>	AAAm
Total Investments		\$ <u><u>41,791</u></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. The investments in the Hancock Horizon Treasury Securities Money Market Mutual Funds are uninsured and unregistered and are not backed by the full faith and credit of the federal government.

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2007

(3) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds.

	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General Fund	\$ 848,748	400,286
Title I Fund	455	211,124
Other governmental funds	496,346	410,962
Total governmental funds	<u>1,345,549</u>	<u>1,022,372</u>
Fiduciary Funds		<u>323,177</u>
Total	<u>\$ 1,345,549</u>	<u>1,345,549</u>

Interfund loans are necessary to provide cash to reimbursable programs at year end since the cash is not received until after June 30th.

B. Advances To/From Other Funds.

	<u>Advances To</u>	<u>Advances From</u>
Governmental Funds:		
General Fund	\$	82,125
Other governmental funds	<u>82,125</u>	
Total	<u>\$ 82,125</u>	<u>82,125</u>

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

Sixteenth section principal loans payable.

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

	Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$	19,318	2,934	22,252
2009		20,105	2,147	22,252
2010		20,925	1,327	22,252
2011		<u>21,777</u>	<u>475</u>	<u>22,252</u>
Total	\$	<u>82,125</u>	<u>6,883</u>	<u>89,008</u>

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2007

C. Transfers In/Out.

	<u>Transfer In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 105,367	103,030
Title I Fund		7,124
Other governmental funds	103,030	98,243
Total	<u>208,397</u>	<u>208,397</u>

Transfers were made from federal funds for indirect costs. Also, transfers were made from the General Fund to other governmental funds to offset program costs which were not reimbursed by state or federal funds.

(4) Capital Assets.

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

	<u>Balance 7-1-2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed Construction</u>	<u>Adjustments</u>	<u>Balance 6-30-2007</u>
<u>Non-depreciable capital assets:</u>						
Land	\$ 27,423					27,423
Construction in progress		206,260				206,260
Total non-depreciable capital assets	<u>27,423</u>	<u>206,260</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>233,683</u>
<u>Depreciable capital assets:</u>						
Buildings	5,359,618					5,359,618
Building improvements	3,838,546					3,838,546
Mobile equipment	2,048,930	113,900				2,162,830
Furniture and equipment	460,574	5,040	5,827			459,787
Total depreciable capital assets	<u>11,707,668</u>	<u>118,940</u>	<u>5,827</u>	<u>0</u>	<u>0</u>	<u>11,820,781</u>
<u>Less accumulated depreciation for:</u>						
Buildings	2,322,195	73,247				2,395,442
Building improvements	1,410,845	153,541				1,564,386
Mobile equipment	1,562,318	87,250				1,649,568
Furniture and equipment	424,507	14,628	5,769		(60)	433,306
Total accumulated depreciation	<u>5,719,865</u>	<u>328,666</u>	<u>5,769</u>	<u>0</u>	<u>(60)</u>	<u>6,042,702</u>
Total depreciable capital assets, net	<u>5,987,803</u>	<u>(209,726)</u>	<u>58</u>	<u>0</u>	<u>60</u>	<u>5,778,079</u>
Governmental activities capital assets, net	<u>\$ 6,015,226</u>	<u>(3,466)</u>	<u>58</u>	<u>0</u>	<u>60</u>	<u>6,011,762</u>

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2007

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$ 228,397
Support services	94,604
Non-instructional	<u>5,665</u>
Total Depreciation Expense	\$ <u><u>328,666</u></u>

(5) Long-term Liabilities.

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

	<u>Balance</u> 7-1-2006	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> 6-30-2007	<u>Amounts due</u> <u>within one</u> <u>year</u>
A. General obligation school refunding bonds series 2004	\$ 2,720,000		215,000	2,505,000	220,000
B. Limited obligation bonds payable	1,560,000		100,000	1,460,000	105,000
C. Three mill notes payable	185,000	1,500,000	185,000	1,500,000	120,000
D. Shortfall notes payable		204,000		204,000	63,000
E. Compensated absences payable	<u>91,947</u>		<u>10,425</u>	<u>81,522</u>	<u>4,076</u>
Total	\$ <u><u>4,556,947</u></u>	<u><u>1,704,000</u></u>	<u><u>510,425</u></u>	<u><u>5,750,522</u></u>	<u><u>512,076</u></u>

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:

<u>Description</u>	<u>Interest</u> <u>Rate</u>	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u>
General obligation bonds, Series 2004	1.2-4.2%	02-01-2004	11-01-2016	\$ <u><u>3,160,000</u></u>	<u><u>2,505,000</u></u>
Total				\$ <u><u>3,160,000</u></u>	<u><u>2,505,000</u></u>

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2007

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

	Year Ending			
	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$	220,000	82,350	302,350
2009		225,000	77,063	302,063
2010		230,000	71,030	301,030
2011		235,000	64,285	299,285
2012		245,000	56,717	301,717
2013 - 2017		<u>1,350,000</u>	<u>139,888</u>	<u>1,489,888</u>
Total	\$	<u>2,505,000</u>	<u>491,333</u>	<u>2,996,333</u>

The amount of bonded indebtedness that can be incurred by the school district is limited by state statute. Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in state statutes, have been met. As of June 30, 2007, the amount of outstanding bonded indebtedness was equal to 3% of property assessments as of October 1, 2006. This debt will be retired from the Bond Issue Debt Fund.

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 Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
State aid capital improvement bonds, Series 1998	Varies	03-01-1998	03-01-2018	\$ 2,250,000	1,460,000
Total				\$ <u>2,250,000</u>	<u>1,460,000</u>

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

	Year Ending			
	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$	105,000	65,619	170,619
2009		110,000	59,319	169,319
2010		115,000	54,369	169,369
2011		125,000	49,194	174,194
2012		130,000	43,569	173,569
2013 - 2017		710,000	129,906	839,906
2018 - 2022		<u>165,000</u>	<u>7,012</u>	<u>172,012</u>
Total	\$	<u>1,460,000</u>	<u>408,988</u>	<u>1,868,988</u>

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2007

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

C. Three mill notes payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
2006 Limited Tax School Note	3.96%	11-17-2006	11-17-2016	\$ 1,500,000	1,500,000
Total				\$ <u>1,500,000</u>	<u>1,500,000</u>

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

Year Ending June 30	Principal	Interest	Total
2008	\$ 120,000	59,400	179,400
2009	125,000	54,648	179,648
2010	130,000	49,698	179,698
2011	140,000	44,550	184,550
2012	145,000	39,006	184,006
2013 - 2017	<u>840,000</u>	<u>102,366</u>	<u>942,366</u>
Total	\$ <u>1,500,000</u>	<u>349,668</u>	<u>1,849,668</u>

This debt will be retired from the Three Mill Debt Fund.

D. Shortfall notes payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
2006 Ad Valorem Shortfall Note	5.86%	10-13-2006	10-13-2009	\$ 204,000	204,000
Total				\$ <u>204,000</u>	<u>204,000</u>

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2007

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

Year Ending June 30	Principal	Interest	Total
2008	\$ 63,000	11,954	74,954
2009	68,000	8,263	76,263
2010	73,000	4,278	77,278
Total	\$ <u>204,000</u>	<u>24,495</u>	<u>228,495</u>

This debt will be retired from the Ad Valorem Shortfall Fund.

E. Compensated absences payable.

As more fully explained in Note 1(O), 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.

(6) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer rate for fiscal year ended June 30, 2007, was 11.30% 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, 2007, 2006 and 2005 were \$939,627, \$834,293 and \$832,872, respectively, which equaled the required contributions for each year.

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2007

(7) Sixteenth Section Lands.

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

Year Ending June 30	Amount
2008	\$ 188,829
2009	149,170
2010	51,454
2011	4,954
2012	4,954
2013	4,954
Total	<u>\$ 404,315</u>

(8) Prior Period Adjustments/Exhibits.

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation(s)</u>	<u>Amount</u>
1. Correct prior year accumulated depreciation.	<u>60</u>
Total	<u>\$ 60</u>

(9) Short-term Financing.

During the fiscal year ended June 30, 2007, the school district participated in the following short-term financing:

Mississippi School Boards Association (MSBA) cash flow management program.

Under this program, the school district issues a revenue anticipation note payable, and the proceeds from such issuance are held by the financial institution serving as trustee under the program. The school district makes withdrawals from the trustee throughout the fiscal year based on its cash flow needs. The school district earns a fixed rate of return on its investable note proceeds held by the trustee, and such earnings are used to cover the interest and related issuance costs of the note. Depending upon whether the earnings are more or less than the interest and related issuance costs, the school district receives a distribution from or makes a payment to the trustee.

All transactions related to participation in this program are accounted for as part of the school district's General Fund. This short-term financing was repaid by the district before June 30, 2007.

COAHOMA COUNTY SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2007

Changes in short-term debt activity recorded in the governmental activities during fiscal year 2007 are as follows:

Description	Balance 7-1-2006	Additions	Reductions	Balance 6-30-2007
Tax and Revenue Anticipation Note, Series 2006-A	\$	1,400,000	1,400,000	
Total	\$ 0	1,400,000	1,400,000	0

(10) Risk Management.

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

Participation in Public Entity Risk Pool.

The school district is a member of the Mississippi School Boards Association 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 121 school districts and one community college and covers risks of loss arising from injuries to the member's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by BancorpSouth Bank in Jackson. The funds in the trust account are used to pay any claim up to \$700,000. For a claim exceeding \$700,000, 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.

(11) Alternative School Consortium

The school district entered into an Alternative School Agreement dated November 6, 1996, creating the North Delta Alternative School. This consortium was created pursuant to the provisions of Section 37-13-92(6), Miss Code Ann. (1972), and approved by the Mississippi Department of Education and includes the West Tallahatchie School District, Coahoma County School District, Drew School District, Quitman County School District, Mound Bayou Public School District, Coahoma Agricultural High School, East Tallahatchie School District, and Sunflower County School District.

Section 37-13-92(6), Miss. Code Ann. (1972), allows two or more adjacent school districts to enter into a contract to operate an alternative school program. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the alternative school program. Transportation for students attending the alternative school program will be the responsibility of the individual school district sending the students.

The West Tallahatchie School District has been designated as the lead school district for the North Delta Alternative School, and the operations of the consortium are included in its financial statements.

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COAHOMA COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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COAHOMA COUNTY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 3,287,022	3,317,022	3,351,891	30,000	34,869
State sources	7,610,161	7,610,161	7,453,409		(156,752)
Federal sources	30,000	30,000	276,987		246,987
Total Revenues	<u>10,927,183</u>	<u>10,957,183</u>	<u>11,082,287</u>	<u>30,000</u>	<u>125,104</u>
Expenditures:					
Instruction	6,650,851	6,658,323	6,245,820	(7,472)	412,503
Support services	4,771,943	4,825,871	4,191,710	(53,928)	634,161
Noninstructional services	18,137	18,737	21,649	(600)	(2,912)
Debt service:					
Interest	30,000	30,000	33,643		(3,643)
Total Expenditures	<u>11,470,931</u>	<u>11,532,931</u>	<u>10,492,822</u>	<u>(62,000)</u>	<u>1,040,109</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(543,748)</u>	<u>(575,748)</u>	<u>589,465</u>	<u>(32,000)</u>	<u>1,165,213</u>
Other Financing Sources (Uses):					
Proceeds of loans			204,000		204,000
Operating transfers in	741,794	843,366	105,367	101,572	(737,999)
Operating transfers out	(270,000)	(270,000)	(103,030)		166,970
Other financing uses			(48,128)		(48,128)
Total Other Financing Sources (Uses)	<u>471,794</u>	<u>573,366</u>	<u>158,209</u>	<u>101,572</u>	<u>(415,157)</u>
Net Change in Fund Balances	<u>(71,954)</u>	<u>(2,382)</u>	<u>747,674</u>	<u>69,572</u>	<u>750,056</u>
Fund Balances:					
July 1, 2006	<u>453,000</u>	<u>453,000</u>	<u>1,181,232</u>		<u>728,232</u>
June 30, 2007	<u>\$ 381,046</u>	<u>450,618</u>	<u>1,928,906</u>	<u>69,572</u>	<u>1,478,288</u>

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

COAHOMA COUNTY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Title I Fund
 For the Year Ended June 30, 2007

	Budgeted		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 1,514,655	1,514,655	1,122,313		(392,342)
Total Revenues	<u>1,514,655</u>	<u>1,514,655</u>	<u>1,122,313</u>	<u>0</u>	<u>(392,342)</u>
Expenditures:					
Instruction	351,535	357,435	346,660	(5,900)	10,775
Support services	1,013,695	934,310	650,769	79,385	283,541
Noninstructional services	142,301	189,407	117,760	(47,106)	71,647
Total Expenditures	<u>1,507,531</u>	<u>1,481,152</u>	<u>1,115,189</u>	<u>26,379</u>	<u>365,963</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,124</u>	<u>33,503</u>	<u>7,124</u>	<u>26,379</u>	<u>(26,379)</u>
Other Financing Sources (Uses):					
Operating transfers out	(7,124)	(7,124)	(7,124)		
Total Other Financing Sources (Uses)	<u>(7,124)</u>	<u>(7,124)</u>	<u>(7,124)</u>		
Net Change in Fund Balances		<u>26,379</u>		<u>26,379</u>	<u>(26,379)</u>
Fund Balances:					
July 1, 2006					
June 30, 2007	<u>\$ 0</u>	<u>26,379</u>	<u>0</u>	<u>26,379</u>	<u>(26,379)</u>

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

COAHOMA COUNTY SCHOOL DISTRICT

Notes to the Required Supplementary Information
For the Year Ended June 30, 2007

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.

(3) Individual Fund Disclosures.

Individual funds that were required to be budgeted but were not budgeted are as follows:

<u>Individual Fund</u>		<u>Amount</u>
Summer Food Service 2006	\$	714
Ramp Up to Literacy		5,015

The unbudgeted funds are in violation of state law.

COAHOMA COUNTY SCHOOL DISTRICT

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COAHOMA COUNTY SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

COAHOMA COUNTY SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2007

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Non-cash assistance:		
Food donation	10.550	74,334
Child nutrition cluster:		
School breakfast program	10.553	324,899
National school lunch program	10.555	633,823
Summer food service program for children	10.559	50,059
Total child nutrition cluster		<u>1,008,781</u>
Fresh fruit and vegetable program	10.582	16,508
Total U.S. Department of Agriculture		<u>1,099,623</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	119,300
Total Federal Communications Commission		<u>119,300</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	1,189,133
Vocational education - basic grants to states	84.048	32,725
Safe and drug-free schools and communities - state grants	84.186	38,730
Eisenhower professional development state grants	84.281	69,532
Twenty-first century community learning centers	84.287	69,796
State grants for innovative programs	84.298	6,695
Education technology state grants	84.318	14,057
Comprehensive school reform demonstration	84.332	50,087
Teacher quality enhancement grants	84.336	40
Transition to teaching	84.350	360
Reading first state grants	84.357	763,778
Rural education	34.358	66,293
Improving teacher quality state grants	84.367	229,474
Grants for state assessments and related activities	84.369	9,685
Total		<u>2,540,385</u>
Special education cluster:		
Special education - grants to states	84.027	555,514
Special education - preschool grants	84.173	27,250
Total special education cluster		<u>582,764</u>
Total passed-through Mississippi Department of Education		<u>3,123,149</u>
Total U.S. Department of Education		<u>3,123,149</u>

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>		
Passed-through the Mississippi Department of Education:		
Cooperative agreements to support comprehensive school health programs to prevent the spread of HIV and other important health problems	93.938	157,524
Total passed-through Mississippi Department of Education		157,524
Total U.S. Department of Health and Human Services		157,524
Total for All Federal Awards		\$ 4,499,596

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.

Coahoma County School District
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2007

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 11,751,420	8,859,770	583,202	740,235	1,568,213
Other	4,538,738	1,514,088	349,968	29,454	2,645,228
Total	16,290,158	10,373,858	933,170	769,689	4,213,441
Total number of students *	1,639				
Cost per student	\$ 9,939	6,329	569	470	2,571

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

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

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

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

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

COAHOMA COUNTY SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
STATE AUDITOR

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
Coahoma County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Coahoma County School District as of and for the year ended June 30, 2007, which collectively comprise Coahoma County School District's basic financial statements and have issued our report thereon dated June 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings 07-1, 07-2 and 07-3 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.


Coahoma County School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Coahoma County School District's response and, accordingly, we express no opinion on it.

Compliance and Other Matters

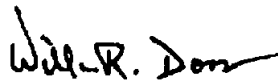
As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the school district in a separate letter dated June 16, 2009, which is included in this report.

Coahoma County School District's Reponse to the findings identified in our audit is described in the accompanying Auditee's Corrective Action Plan. We did not audit Coahoma County School District's responses and, accordingly, we express no opinion 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.



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

June 16, 2009



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
STATE AUDITOR

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

Superintendent and School Board
Coahoma County School District

Compliance

We have audited the compliance of the Coahoma County School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The school district's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

As described in Finding 07-4 in the accompanying Schedule of Findings and Questioned Costs, the school district did not comply with requirements regarding Eligibility that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the school district to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Coahoma County School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 07-5, 07-6, 07-7 and 07-8.

Internal Control Over Compliance

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

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in the internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Findings 07-4, 07-5, 07-6, 07-7 and 07-8 to be significant deficiencies.

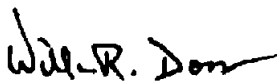
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in the internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider Finding 07-4 to be a material weakness.

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

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



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

June 16, 2009

COAHOMA COUNTY SCHOOL DISTRICT

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

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
STATE AUDITOR

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

Superintendent and School Board
Coahoma County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Coahoma County School District as of and for the year ended June 30, 2007, which collectively comprise Coahoma County School District's basic financial statements and have issued our report thereon dated June 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(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 \$27,139 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 disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

Finding

Section 37-61-21, Miss. Code Ann. (1972), requires school districts to adopt the budgets for all funds in which expenditures are incurred.

The district failed to adopt a budget for two funds in which expenditures occurred during the year.

Recommendation

The district should adopt a budget which includes all funds of the district where expenditures have been incurred.

School District's Response

The district will adopt budgets which include all funds where expenditures have been incurred.

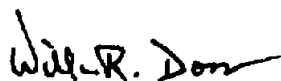
The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the finding in this report to insure that corrective action has been taken.

The Coahoma County School District's response to the finding in this report was not audited 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.



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

June 16, 2009

COAHOMA COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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COAHOMA COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007

Section I: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the financial statements: | Unqualified |
| 2. | Material noncompliance relating to the financial statements? | No |
| 3. | Internal control over financial reporting: | |
| a. | Material weakness(es) identified? | No |
| b. | Significant deficiency(ies) identified that are not considered to be material weaknesses? | Yes |

Federal Awards:

- | | | |
|-----|--|--------------------------|
| 4. | Type of auditor's report issued on compliance for major federal programs:
Child Nutrition Cluster, CFDA #10.553, #10.555 and #10.559
Title I grants to local educational agencies, CFDA #84.010 | Qualified
Unqualified |
| 5. | Internal control over major programs: | |
| a. | Material weakness identified? | Yes |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 6. | Any audit findings reported as required by Section ____.510(a) of Circular A-133? | Yes |
| 7. | Federal programs identified as major programs: | |
| a. | Child Nutrition Cluster | |
| | CFDA # 10.553 School Breakfast Program | |
| | CFDA # 10.555 National School Lunch Program | |
| | CFDA # 10.559 Summer Food Service Program for Children | |
| b. | Title I grants to local educational agencies
CFDA # 84.010 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | Yes |
| 10. | Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____.315(b) of OMB Circular A-133? | No |

COAHOMA COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007

Section 2: Financial Statement Findings

Significant Deficiencies Not Considered to Be Material Weaknesses

07-1. GASB Financial Statements Should Be Prepared Timely

Finding

A critical aspect of effective financial management is the maintenance of accurate and timely accounting records and reports. Management is responsible for ensuring that financial statements are prepared on a timely basis for the June 30 fiscal year end. Timely financial information enables more efficient and timely completion of the audit.

For the June 30, 2007 fiscal year end, the financial statements were not completed by management of the district and provided to the auditor until April 24, 2008.

Proper internal controls were not in place to ensure the final financial statements were compiled and provided to the auditors in a timely manner.

Recommendation

We recommend that the district ensure that financial statements are prepared within a reasonable period of time following the June 30 fiscal year end.

07-2. Payroll Expenditures Should Be Supported by Adequate Documentation

Finding

Management is responsible for ensuring that payroll expenditures made by the district are adequately documented and that the payroll is processed according to actual time worked.

During our tests of payroll expenditures, we found that the supporting documentation (i.e. time sheets) for nonexempt employees was not used to calculate the amount of pay earned by the employee. Instead, the district paid assistant teachers, cafeteria workers, custodians, secretaries and bus drivers based on a twelve-month period. Time sheets are retained for the purpose of calculating attendance and any necessary adjustments are applied to the following month's pay.

Payment of wages over a twelve-month period for nonexempt employees could result in the employee being improperly compensated resulting in a loss to the district.

Recommendation

The district should pay its nonexempt employees on a monthly basis in accordance with actual time worked.

07-3. State Treasurer's Report Should Be Properly Reconciled to Include All District Bank Accounts

Finding

Section 27-105-5(6)(b), Miss. Code Ann. (1972), states, "Not later than thirty (30) days following its fiscal year end, a public depositor shall notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balance in those accounts, as of its fiscal year end."

COAHOMA COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007

The district did not reconcile the State Treasurer's report to its bank account listing to determine if all bank accounts were included on the State Treasurer's report. This resulted in five bank accounts, totaling \$4,489,130, not being included on the State Treasurer's report at fiscal year end.

Lack of adequate internal controls over reconciling the State Treasurer's report resulted in these five accounts not being included on the State Treasurer's report.

Recommendation

The district should implement controls to ensure that all bank accounts are included in the State Treasurer's report, resulting in the proper and adequate collateralization of the district's deposits

Section 3: Federal Award Findings and Questioned Costs

Significant Deficiency Considered to Be a Material Weakness

Material Weakness
Material Noncompliance

07-4. Internal Controls Surrounding the Establishment of the Base Year for Provision 2 Should Be Strengthened

Finding

Program: CFDA # 10.553 School Breakfast Program
CFDA # 10.555 National School Lunch Program
CFDA # 10.559 Summer Food Service Program for Children

Compliance requirement: Eligibility

Questioned Costs: \$431,857

Management is responsible for establishing internal controls to provide reasonable assurance that the requirements of Section 11(a)(1) of the National School Lunch Act for the implementation and establishment of the base year for Provision 2 have been met. These requirements mandate that the school district identify and account for each reimbursable meal daily, by student and category (free, reduced price and paid), during the base year.

During our audit of the school district's process for implementing the requirements of being a Provision 2 district, it was noted that the district did not take an actual online count based upon the students approved category for the months of August, September, October, and November, 2006, as required. For the aforementioned months, the district counted all of the students as free and then applied the percentages from previous years when the district had been on Provision 3 status to determine the number of meals to be reported per category.

Lack of adequate internal controls over the requirements necessary to become Provision 2 status resulted in the district not performing the daily count of student meals, by category. Thus, the district improperly received federal reimbursement of \$431,857 from the Child Nutrition program.

Lack of adequate internal controls concerning the Child Nutrition Cluster could result in additional questioned costs if the district does not implement procedures to correctly establish the base year for the implementation of provision status.

COAHOMA COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007

Recommendation

We recommend that the district implement policies and procedures to ensure that the requirements of Section 11(a)(1) of the National School Lunch Act are met concerning the requirements necessary for the district to obtain Provision 2 status.

Significant Deficiencies Not Considered to Be Material Weaknesses

07-5. Internal Controls Surrounding the Verification Requirements Should Be Strengthened

Finding

Program: CFDA # 10.553 School Breakfast Program
CFDA # 10.555 National School Lunch Program
CFDA # 10.559 Summer Food Service Program for Children

Compliance requirement: Special Tests and Provisions

Management is responsible for establishing internal controls to provide reasonable assurance that the procedures surrounding the verification of eligibility for free and reduced priced meals are properly performed and documented as required by the Mississippi Department of Education's Policy and Procedures Manual for Child Nutrition Programs.

During our audit of the district's procedures surrounding the verification of eligibility for free and reduced price meals, it was noted that the district did not use the proper sampling method. This resulted in an incorrect number of applications being verified. It was also noted that the district did not complete the required "Verification District-Wide Summary" form that documents the sample selection method and sample size. Failure to do this resulted in the district not being able to provide documentation to support its sample selection.

Lack of adequate internal controls surrounding the verification of eligibility for free and reduced priced meals and the documentation of the verification process could result in the district allowing ineligible participation in the free and reduced price meal programs.

Recommendation:

The district should implement policies and procedures to insure compliance with the special tests and provisions requirements concerning the verification of eligibility for free and reduced priced meals in accordance with the Mississippi Department of Education's Policy and Procedures Manual for Child Nutrition Programs.

COAHOMA COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007

07-6. Internal Controls Surrounding the Reporting Requirements Should Be Strengthened

Finding

Program: CFDA # 10.553 School Breakfast Program
CFDA # 10.555 National School Lunch Program
CFDA # 10.559 Summer Food Service Program for Children

Compliance requirement: Reporting

Management is responsible for complying with the requirements of the Mississippi Department of Education's Policy and Procedures Manual for Child Nutrition Programs, which requires that the school district's "Monthly Claim for Reimbursement - School Lunch and School Breakfast" report be received by the Mississippi Department of Education by the 7th day of the month following the reporting month.

During our test work surrounding the submission of the "Monthly Claim for Reimbursement - School Lunch and School Breakfast" report by the proper deadline, we noted that nine of the ten required reports were not submitted to the Mississippi Department of Education by the 7th of the month.

Lack of adequate internal controls concerning the submission of the "Monthly Claim for Reimbursement - School Lunch and School Breakfast" reports by the proper deadline could result in the district not receiving its federal reimbursement in a timely manner to cover the expenditures of the program.

Recommendation

The district should implement policies and procedures to insure compliance with the reporting requirements of the Child Nutrition Cluster.

07-7. Internal Controls Surrounding the Reporting Requirements Should Be Strengthened

Finding

Program: CFDA # 10.553 School Breakfast Program
CFDA # 10.555 National School Lunch Program
CFDA # 10.559 Summer Food Service Program for Children

Compliance requirement: Reporting

Management is responsible for establishing a proper internal control system which insures proper financial accountability, including that the "Monthly Claim for Reimbursement - School Lunch and School Breakfast" reports are submitted to the Mississippi Department of Education with the correct number of meals served.

During our audit of the "Monthly Claim for Reimbursement - School Lunch and School Breakfast" report, we noted that six of the ten reports did not agree with the number of meals shown on the school district's monthly participation forms. The net result of these errors were 4,475 meals served by the district for which no reimbursement was requested.

Lack of adequate internal controls surrounding the correct reporting of participation data could result in the district receiving an incorrect amount of federal reimbursement.

Recommendation:

The district should implement policies and procedures to insure that reports are prepared using an accurate number of meals served in order to ensure that the correct amount of federal reimbursement is received by the school district.

07-8. Internal Controls Surrounding the Inventory of Capital Assets Should Be Strengthened

Finding

Program: CFDA # 84.010 Title I grants to local educational agencies

Compliance requirement: Equipment and Real Property Management

Management is responsible for establishing a proper internal control system to ensure proper financial accountability and proper reporting of capital assets, including conducting a physical inventory within the previous two years with documentation providing the names of individuals who conducted the inventory review, the date the inventory review was conducted, and the worksheets/checklists used by the staff to document their work.

During our audit of capital assets, we noted that management did not have the required documentation to support the physical inventory review within the last two years.

Lack of adequate internal controls surrounding the physical inventory review for capital assets could result in the failure of management to properly account for the capital assets of the Title I grants to local educational agencies.

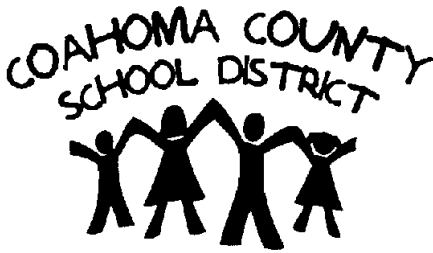
Recommendation

We recommend that the district conduct a physical inventory review of capital assets and document such review with the names of the individuals who conducted the inventory review, the date the inventory review was conducted, and the worksheets/checklists used by the staff to document their work.

COAHOMA COUNTY SCHOOL DISTRICT

AUDITEE'S CORRECTIVE ACTION PLAN

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"COMMITTED TO CARING
DEDICATED TO EXCELLENCE"

Pauline J. Rhodes, Superintendent

1555 Lee Drive
PO Box 820
Clarksdale, MS 38614

email: prhodes@coahoma.k12.ms.us
phone: (662) 624-5448
fax: (662) 624-5512

Financial & Compliance Audit Division

As required by Section __.315(c) of OMB Circular A-133, the Coahoma County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2007:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
07-1	<p>a. Name(s) of Contact Person(s) Responsible for Corrective Action: Cindy Holtz, Business Manager, 662 624-5448</p> <p>b. Corrective Action Planned: The district will provide financial statements within a reasonable period of time following the June 30 fiscal year.</p> <p>c. Anticipated Completion Date: Corrected</p>
07-2	<p>a. Name(s) of Contact Person(s) Responsible for Corrective Action: Pauline Rhodes, Superintendent, 662 624-5448</p> <p>b. Corrective Action Planned: The district is currently paying its nonexempt employees on a monthly basis in accordance with actual time worked. The district currently has a timesheet system that is providing documentation for actual time worked.</p> <p>c. Anticipated Completion Date: Corrected</p>
07-3	<p>a. Name(s) of Contact Person(s) Responsible for Corrective Action: Cindy Holtz, Business Manager, 662 624-5448</p>

- b. **Corrective Action Planned:**
The district will ensure that all bank accounts are included in the State Treasurer's report.
- c. **Anticipated Completion Date:**
Corrected
- 07-4
- a. **Name(s) of Contact Person(s) Responsible for Corrective Action:**
Eddy Johnson, Food Service Director, 662 624-5448
- b. **Corrective Action Planned:**
The district will follow its policies and procedures to verify that all requirements to obtain Provision 2 status, Section 11(a)(1) of the National School Lunch Act are met. All applications are on file and available for review. The applications have been correctly approved by category. The district Child Nutrition Office will assign staff to review the application process and ensure that all deadlines for reporting are met and that reports are submitted accurately.
- c. **Anticipated Completion Date:**
The Provision 2 application process will be reviewed with the Mississippi Office of Child Nutrition. Per their instructions, corrective procedures will be in place by August 2009.
- 07-5
- a. **Name(s) of Contact Person(s) Responsible for Corrective Action:**
Eddy Johnson, Food Service Director, 662 624-5448
- b. **Corrective Action Planned:**
The district will follow its policies and procedures to comply with verification of applications for free and reduced price meals in accordance with the Mississippi Department of Education's Policy and Procedures Manual for the Child Nutrition Programs.
- c. **Anticipated Completion Date:**
The next verification process will begin in October of 2009. The district will ensure that this process will be followed correctly at that time.
- 07-6
- a. **Name(s) of Contact Person(s) Responsible for Corrective Action:**
Eddy Johnson, Food Service Director, 662 624-5448
- b. **Corrective Action Planned:**
The district has implemented procedures to improve timely submission of the "Monthly Claim for Reimbursement."

- c. Anticipated Completion Date:
The district has substantially corrected this situation. The district will continue to implement its procedures to comply with the reporting requirement of the Child Nutrition Cluster in the upcoming school year.

07-07

- a. Name(s) of Contact Person(s) Responsible for Corrective Action:
Eddy Johnson, Food Service Director, 662 624-5448
- b. Corrective Action Planned:
The district will implement procedures to ensure that the correct number of meals are reported to the Mississippi Department of Education, Office of Child Nutrition in the "Monthly Claim for Reimbursement". Staff will be assigned to review each monthly claim to verify accuracy.
- c. Anticipated Completion Date:
These procedures will be in placed by the beginning of the upcoming school year, August 2009.

07-08

- a. Name(s) of Contact Person(s) Responsible for Corrective Action:
Jean Duff, Curriculum and Federal Programs Director,
662 624-5448
- b. Corrective Action Planned:
The district has procedures to ensure that we properly conduct a physical inventory review of capital assets. We are currently documenting such review with the names of the individuals who conducted the inventory review, the date of the inventory review was conducted, and worksheets/checklists used by the staff to document their work.
- c. Anticipated Completion Date:
Corrected.

Sincerely,

A handwritten signature in black ink that reads "Pauline J. Rhodes" followed by a stylized monogram "PH".

Pauline J. Rhodes
Superintendent

