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COPIAH COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2011

COPIAH COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

PATRICK E. LOWERY AND ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

*Member of Mississippi Society
of Certified Public Accountants*

215 SOUTH RAILROAD AVENUE
BROOKHAVEN, MISSISSIPPI 39601

PHONE (601) 833-1456

FAX (601) 833-9896

*Member of American Institute
of Certified Public Accountants*

EMAIL: plowery3@hellsouth.net

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Copiah 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 Copiah County School District as of and for the year ended June 30, 2011, which collectively comprise the Copiah County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Copiah County School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Copiah County School District, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2012, on our consideration of the Copiah County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted

of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Patrick E. Lowery and Associates

Patrick E. Lowery and Associates

July 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

COPIAH COUNTY DEPARTMENT OF EDUCATION

TELEPHONE (601) 894-1341
FAX (601) 894-2634



RICKEY CLOPTON, SUPERINTENDENT

254 W. GALLATIN - HAZLEHURST, MISS. 39083

The following discussion and analysis of Copiah County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net assets for 2011 increased \$2,284,243, including a prior period adjustment of \$(1,847), which represents an 18% increase from fiscal year 2010. Total net assets for 2010 increased \$1,709,731, which represents a 15% increase from fiscal year 2009.
- General revenues amounted to \$17,516,835 and \$18,182,706, or 75% and 76% of all revenues for fiscal years 2011 and 2010, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,839,272, or 25% of total revenues for 2011, and \$5,645,355, or 24% of total revenues for 2010.
- The District had \$21,070,017 and \$22,118,330 in expenses for fiscal years 2011 and 2010; only \$5,839,272 for 2011 and \$5,645,355 for 2010 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$17,516,835 for 2011 and \$18,182,706 for 2010 were adequate to provide for these programs.
- Among major funds, the General Fund had \$15,163,238 in revenues and \$14,267,824 in expenditures for 2011, and \$15,651,339 in revenues and \$14,939,622 in expenditures in 2010. The General Fund's fund balance increased by \$830,120 from 2010 to 2011, and increased by \$533,987 from 2009 to 2010.
- Capital assets, net of accumulated depreciation, increased by \$47,983 for 2011 and decreased by \$314,454 for 2010. The increase for 2011 was due primarily to the increase in construction in progress related to the elevator addition and the purchase of four new school buses.
- Long-term debt decreased by \$317,787 for 2011 and decreased by \$375,582 for 2010. The decrease for 2011 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences increased by \$2,579 for 2011 and decreased by \$10,582 for 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Assets, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

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

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

combined and presented in these reports as other governmental funds.

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

Notes to the financial statements

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

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules as required supplemental information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

Supplemental Information

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

Other Information

Although not a required part of the basic financial statements, the Statement of Revenues, Expenditures

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets

Net assets may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$15,158,825 as of June 30, 2011.

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

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

**Table 1
Condensed Statement of Net Assets**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	Percentage Change
Current assets	\$ 12,322,542	\$ 10,622,446	16.00 %
Restricted assets	587,203	559,270	4.99 %
Capital assets, net	6,506,084	6,458,101	0.74 %
Total assets	<u>19,415,829</u>	<u>17,639,817</u>	10.07 %
Current liabilities	497,949	688,393	(27.67) %
Long-term debt outstanding	3,759,055	4,076,842	(7.79) %
Total liabilities	<u>4,257,004</u>	<u>4,765,235</u>	(10.67) %
Net assets:			
Invested in capital assets, net of related debt	2,881,450	2,513,101	14.66 %
Restricted	6,755,337	5,847,950	15.52 %
Unrestricted	5,522,038	4,513,531	22.34 %
Total net assets	<u>\$ 15,158,825</u>	<u>\$ 12,874,582</u>	17.74 %

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

- Increase in net capital assets in the amount of \$47,983.
- The principal retirement of \$380,000 of long-term debt.

Changes in net assets

The District's total revenues for the fiscal years ended June 30, 2011 and June 30, 2010 were

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

\$23,356,107 and \$23,828,061, respectively. The total cost of all programs and services was \$21,070,017 for 2011 and \$22,118,330 for 2010.

Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

**Table 2
Changes in Net Assets**

	<u>Year Ended June 30, 2011</u>	<u>Year Ended June 30, 2010</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 779,786	\$ 804,426	(3.06) %
Operating grants and contributions	5,059,486	4,840,929	4.51 %
General revenues:			
Property taxes	3,332,354	3,499,562	(4.78) %
Grants and contributions not restricted	12,844,764	13,364,209	(3.89) %
Investment earnings	259,694	247,673	4.85 %
Sixteenth section sources	934,055	942,035	(0.85) %
Other	145,968	129,227	12.95 %
Total revenues	<u>23,356,107</u>	<u>23,828,061</u>	(1.98) %
Expenses:			
Instruction	11,254,889	11,943,610	(5.77) %
Support services	7,598,144	7,831,037	(2.97) %
Non-instructional	1,875,846	1,944,027	(3.51) %
Sixteenth section	172,809	194,133	(10.98) %
Interest on long-term liabilities	168,329	205,523	(18.10) %
Total expenses	<u>21,070,017</u>	<u>22,118,330</u>	(4.74) %
Increase (Decrease) in net assets	<u>2,286,090</u>	<u>1,709,731</u>	33.71 %
Net Assets, July 1, as originally reported	<u>12,874,582</u>	<u>11,164,851</u>	15.31 %
Prior Period Adjustment	<u>(1,847)</u>	<u>-</u>	N/A %
Net Assets, July 1, as restated	<u>12,872,735</u>	<u>11,164,851</u>	15.30 %
Net Assets, June 30	<u>\$ 15,158,825</u>	<u>\$ 12,874,582</u>	17.74 %

Governmental activities

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

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2011	2010	
Instruction	\$ 11,254,889	\$ 11,943,610	(5.77) %
Support services	7,598,144	7,831,037	(2.97) %
Non-instructional	1,875,846	1,944,027	(3.51) %
Sixteenth section	172,809	194,133	(10.98) %
Interest on long-term liabilities	168,329	205,523	(18.10) %
Total expenses	\$ 21,070,017	\$ 22,118,330	(4.74) %

	Net (Expense) Revenue		Percentage Change
	2011	2010	
Instruction	\$ (8,499,354)	\$ (9,601,648)	(11.48) %
Support services	(6,410,701)	(6,534,909)	(1.90) %
Non-instructional	(101,870)	(58,859)	73.07 %
Sixteenth section	(50,491)	(72,036)	(29.91) %
Interest on long-term liabilities	(168,329)	(205,523)	(18.10) %
Total net (expense) revenue	\$ (15,230,745)	\$ (16,472,975)	(7.54) %

- Net cost of governmental activities (\$15,230,745 for 2011 and \$16,472,975 for 2010) was financed by general revenue, which is primarily made up of property taxes (\$3,332,354 for 2011 and \$3,499,562 for 2010) and state and federal revenues (\$12,844,764 for 2011 and \$13,364,209 for 2010). In addition, there was \$934,055 and \$942,035 in Sixteenth Section sources for 2011 and 2010, respectively.
- Investment earnings amounted to \$259,694 for 2011 and \$247,673 for 2010.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$12,399,011, an increase of \$1,834,548, which includes a prior period adjustment of \$(1,847) and an increase in reserve for inventory of \$4,775. \$5,074,507, or 41%, of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The

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

remaining fund balance of \$7,324,504, or 59%, is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$830,120. The fund balance of Other Governmental Funds showed a decrease in the amount of \$41,364, which includes a prior period adjustment of \$(1,847) and an increase in reserve for inventory of \$4,775. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Fund	no increase or decrease
ARRA IDEA Part B Fund	no increase or decrease
Sixteenth Section Interest Fund	\$ 1,045,792

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District. Significant budget revisions made during the year are explained as follows:

- Budgeted amounts for revenue from local sources in the General Fund were decreased during the fiscal year due primarily to a decrease in advalorem revenue from the prior year.
- Budgeted amounts for instruction expenditures in the General Fund were decreased during the fiscal year. This decrease is primarily a result of the reclassification of expenditures normally incurred in the General Fund to the Budget Stabilization Fund (special revenue fund) and federal funds were received to cover those expenditures. The District received approximately \$820,000 in Budget Stabilization funds during the fiscal year and these funds and related expenditures were reported in a special revenue fund.
- Budgeted amounts for support services expenditures in the General Fund were decreased during the fiscal year. Amounts originally budgeted were overstated.
- Budgeted amounts for revenues and expenditures in various special revenue funds receiving federal funding were revised during the fiscal year to more accurately reflect actual revenue received and expenditures incurred during the fiscal year.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2011, the District's total capital assets were \$13,705,174, including land, construction in progress, school buildings, improvements other than buildings, buses, other school vehicles and furniture and equipment. This amount represents a net increase of \$439,375 from 2010 due primarily to the increase in construction in progress related to the elevator addition and the purchase of four new school buses. Total accumulated depreciation as of June 30, 2011, was \$7,199,090, and total depreciation expense for the year was \$397,238, resulting in total net capital assets of \$6,506,084.

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

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2011	June 30, 2010	Percentage Change
Land	\$ 156,772	\$ 156,772	0.00 %
Construction in Progress	146,476	-	N/A %
Buildings	4,665,752	4,810,197	(3.00) %
Improvements other than buildings	61,188	65,704	(6.87) %
Mobile equipment	1,388,316	1,305,787	6.32 %
Furniture and equipment	87,580	119,641	(26.80) %
Total	\$ 6,506,084	\$ 6,458,101	0.74 %

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

Debt Administration. At June 30, 2011, the District had \$3,759,055 in outstanding long-term debt, of which \$455,559 is due within one year. During the fiscal year, the District made principal payments in the amount of \$380,000 on outstanding long-term debt. The District issued refunding bonds and notes totaling \$3,624,634 to refund outstanding bonds and notes in the amount of \$3,565,000. The liability for compensated absences increased \$2,579 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2011	June 30, 2010	Percentage Change
Limited obligation bonds payable	\$ 2,755,000	\$ 3,035,000	(9.23) %
Three mill notes payable	869,634	910,000	(4.44) %
Compensated absences payable	134,421	131,842	1.96 %
Total	\$ 3,759,055	\$ 4,076,842	(7.79) %

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

CURRENT ISSUES

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

The District has committed itself to financial excellence for many years. The District's system of financial planning, budgeting and internal financial controls is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Copiah County School District, 254 W. Gallatin, Hazlehurst, MS 39083.

FINANCIAL STATEMENTS

COPIAH COUNTY SCHOOL DISTRICT

Statement of Net Assets
June 30, 2011

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 11,352,589
Due from other governments	899,812
Inventories	36,110
Deferred debt issuance costs	34,031
Restricted assets	587,203
Capital assets, non-depreciable:	
Land	156,772
Construction in progress	146,476
Capital assets, net of accumulated depreciation:	
Buildings	4,665,752
Improvements other than buildings	61,188
Mobile equipment	1,388,316
Furniture and equipment	87,580
Total Assets	<u>19,415,829</u>
Liabilities	
Accounts payable and accrued liabilities	476,703
Interest payable on long-term liabilities	21,246
Long-term liabilities, due within one year:	
Capital related liabilities	448,838
Non-capital related liabilities	6,721
Long-term liabilities, due beyond one year:	
Capital related liabilities	3,175,796
Non-capital related liabilities	127,700
Total Liabilities	<u>4,257,004</u>
Net Assets	
Invested in capital assets, net of related debt	2,881,450
Restricted for:	
Expendable:	
School-based activities	5,470,056
Debt service	495,285
Forestry improvements	176,978
Unemployment benefits	55,201
Non-expendable:	
Sixteenth section	557,817
Unrestricted	5,522,038
Total Net Assets	<u>\$ 15,158,825</u>

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

COPIAH COUNTY SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2011

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:					
Instruction	\$ 11,254,889	\$ 309,113	\$ 2,446,422	\$ -	\$ (8,499,354)
Support services	7,598,144	-	1,187,443	-	(6,410,701)
Non-instructional	1,875,846	348,355	1,425,621	-	(101,870)
Sixteenth section	172,809	122,318	-	-	(50,491)
Interest on long-term liabilities	168,329	-	-	-	(168,329)
Total Governmental Activities	\$ 21,070,017	\$ 779,786	\$ 5,059,486	\$ -	\$ (15,230,745)

General Revenues:

Taxes:

General purpose levies	3,219,456
Debt purpose levies	112,898

Unrestricted grants and contributions:

State	11,841,303
Federal	1,003,461
Unrestricted investment earnings	259,694
Sixteenth section sources	934,055
Other	145,968

Total General Revenues	17,516,835
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Change in Net Assets	2,286,090
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Net Assets - Beginning, as originally reported	12,874,582
Prior Period Adjustments	(1,847)

Net Assets - Beginning, as restated	12,872,735
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Net Assets - Ending	\$ 15,158,825
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The notes to the financial statements are an integral part of this statement.

COPIAH COUNTY SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2011

Exhibit C

	Major Funds					Total Governmental Funds
	General Fund	Title I Fund	ARRA IDEA Part B Fund	Sixteenth Section Interest Fund	Other Governmental Funds	
Assets						
Cash and cash equivalents	\$ 5,285,149	\$ 3,827	\$ -	\$ 5,294,130	\$ 1,252,747	\$ 11,835,853
Cash with fiscal agents	-	-	-	-	103,939	103,939
Due from other governments	207,547	211,978	118,260	431	358,405	896,621
Due from other funds	216,856	-	-	-	-	216,856
Advance to other funds	-	-	-	-	79,988	79,988
Inventories	-	-	-	-	36,110	36,110
Total assets	\$ 5,709,552	\$ 215,805	\$ 118,260	\$ 5,294,561	\$ 1,831,189	\$ 13,169,367
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 154,071	\$ 215,616	\$ 102,203	\$ -	\$ 4,813	\$ 476,703
Due to other funds	-	189	16,057	-	197,419	213,665
Advances from other funds	79,988	-	-	-	-	79,988
Total Liabilities	234,059	215,805	118,260	-	202,232	770,356
Fund Balances:						
Nonspendable:						
Inventory	-	-	-	-	36,110	36,110
Permanent fund principal	-	-	-	-	477,829	477,829
Advances	-	-	-	-	79,988	79,988
Restricted:						
Debt service	-	-	-	-	516,531	516,531
Forestry improvement purposes	-	-	-	-	176,978	176,978
Unemployment benefits	-	-	-	-	55,201	55,201
Other commitments	-	-	-	5,294,561	139,385	5,433,946
Committed:						
Other purposes	-	-	-	-	-	-
Assigned:						
Other purposes	400,986	-	-	-	146,935	547,921
Unassigned	5,074,507	-	-	-	-	5,074,507
Total Fund Balances	5,475,493	-	-	5,294,561	1,628,957	12,399,011
Total Liabilities and Fund Balances	\$ 5,709,552	\$ 215,805	\$ 118,260	\$ 5,294,561	\$ 1,831,189	\$ 13,169,367

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

COPIAH COUNTY SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2011

Exhibit C-1

Total fund balances for governmental funds \$ 12,399,011

Amounts reported for governmental activities in the statement of net assets are different because:

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Land	\$	156,772	
Construction in progress		146,476	
Buildings		9,277,574	
Improvements other than buildings		112,900	
Mobile equipment		3,266,948	
Furniture and equipment		744,504	
Accumulated depreciation		<u>(7,199,090)</u>	6,506,084

2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:

Limited obligation refunding bonds		(2,755,000)	
Limited tax refunding notes payable		(869,634)	
Compensated absences		(134,421)	
Unamortized charges		34,031	
Accrued interest payable		<u>(21,246)</u>	(3,746,270)

Net assets of governmental activities \$ 15,158,825

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

COPIAH COUNTY SCHOOL DISTRICT

Governmental Funds

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2011

	Major Funds					Total Governmental Funds
	General Fund	Title I Fund	ARRA IDEA Part B Fund	Sixteenth Section Interest Fund	Other Governmental Funds	
Revenues:						
Local sources	\$ 3,709,151	\$ -	\$ -	\$ 108,060	\$ 503,850	\$ 4,321,061
State sources	11,274,241	-	-	-	846,546	12,120,787
Federal sources	179,846	1,049,672	543,053	-	4,010,892	5,783,463
Sixteenth section sources	-	-	-	928,230	134,059	1,062,289
Total Revenues	15,163,238	1,049,672	543,053	1,036,290	5,495,347	23,287,600
Expenditures:						
Instruction	7,684,636	427,085	416,768	-	2,592,449	11,120,938
Support services	6,329,499	553,058	118,202	-	650,601	7,651,360
Noninstructional services	101,296	39,216	250	-	1,715,620	1,856,382
Sixteenth section	-	-	-	7,132	165,677	172,809
Facilities acquisition and construction	146,476	-	-	-	-	146,476
Debt service:						
Principal	-	-	-	-	380,000	380,000
Interest	5,917	-	-	-	210,536	216,453
Other	-	-	-	-	39,703	39,703
Total Expenditures	14,267,824	1,019,359	535,220	7,132	5,754,586	21,584,121
Excess (Deficiency) of Revenues over (under) Expenditures	895,414	30,313	7,833	1,029,158	(259,239)	1,703,479
Other Financing Sources (Uses):						
Insurance recovery	10,402	-	-	-	-	10,402
Refunding bonds issued	-	-	-	-	3,624,634	3,624,634
Payment to refunded bond escrow agent	-	-	-	-	(3,565,000)	(3,565,000)
Operating transfers in	60,602	-	-	16,634	194,403	271,639
Other financing sources	58,105	-	-	-	-	58,105
Operating transfers out	(194,403)	(30,313)	(7,833)	-	(39,090)	(271,639)
Total Other Financing Sources (Uses)	(65,294)	(30,313)	(7,833)	16,634	214,947	128,141
Net Change in Fund Balances	830,120	-	-	1,045,792	(44,292)	1,831,620
Fund Balances:						
July 1, 2010, as originally reported	4,645,373	-	-	4,248,769	1,670,321	10,564,463
Prior period adjustments	-	-	-	-	(1,847)	(1,847)
July 1, 2010, as restated	4,645,373	-	-	4,248,769	1,668,474	10,562,616
Increase (Decrease) in reserve for inventory	-	-	-	-	4,775	4,775
June 30, 2011	\$ 5,475,493	\$ -	\$ -	\$ 5,294,561	\$ 1,628,957	\$ 12,399,011

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

COPIAH COUNTY SCHOOL DISTRICT

Governmental Funds

**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, 2011**

Exhibit D-1

Net change in fund balances - total governmental funds \$ 1,831,620

Amounts reported for governmental activities in the statement of activities are different because:

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 445,280	
Depreciation expense	<u>(397,238)</u>	48,042

2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold.

(59)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Refunding bonds and notes issued	(3,624,634)	
Payments of debt principal	380,000	
Payments to refunded bond escrow agent	3,565,000	
Accrued interest payable	49,894	
Deferred issuance costs	<u>37,933</u>	408,193

4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences	(2,579)	
Change in inventory reserve	4,775	
Amortization of deferred charges	<u>(3,902)</u>	(1,706)

Change in net assets of governmental activities \$ 2,286,090

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

COPIAH COUNTY SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities
June 30, 2011

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 837,123
Total Assets	<u>\$ 837,123</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 791,318
Due to other funds	3,191
Due to student clubs	42,614
Total Liabilities	<u>\$ 837,123</u>

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2011

Note 1 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

B. Financial Reporting Entity

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

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

C. Government-wide and Fund Financial Statements

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

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

1. Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net assets result when constraints placed on net asset use are either externally

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2011

imposed or imposed by law through constitutional provisions or enabling legislation.

3. Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

The school district reports the following major governmental funds:

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

Title I Fund - This fund accounts for the federal revenues and expenditures associated with federal funding for Title I programs.

ARRA IDEA Part B Fund - This fund accounts for the federal revenues and expenditures associated with federal funding for ARRA IDEA Part B (Special Education) programs.

Sixteenth Section Interest Fund - This fund accounts for the transactions resulting from the generation of revenue from the 16th section land within that individual township that is legally required to be placed in a 16th section interest fund.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2011

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

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2011

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

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

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

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

E. Encumbrances

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

F. Assets, liabilities, and net assets/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2011

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2011

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

7. Compensated Absences

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

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

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

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

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

9. Fund Balances

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

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

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

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

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2011

funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent and Business Manager pursuant to authorization established by board policy.

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

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

Note 2 – Cash and Cash Equivalents and Cash with Fiscal Agents

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.

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 \$ 11,835,853 and \$ 837,123, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2011, none of the district's bank balance of \$ 15,652,415 was exposed to custodial credit risk.

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2011

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$103,939.

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.

Note 3 – Inter-fund Receivables, Payables and Transfers

The following is a summary of inter-fund transactions and balances:

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I fund	\$ 189
	ARRA IDEA Part B fund	16,057
	Other governmental funds	197,419
	Fiduciary funds	3,191
		-
Total		\$ 216,856

The primary purpose of the interfund receivables and payables is to close out federal program funds at year end. All interfund receivables and payables are expected to be repaid within one year.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 194,403
Title I fund	General Fund	30,313
ARRA IDEA Part B fund	General Fund	7,833
Other governmental funds	General Fund	22,456
	Sixteenth section interest fund	16,634
Total		\$ 271,639

The primary purpose of the interfund transfers was to transfer General Fund monies to various other governmental funds for operating purposes. These transfers were consistent with the activities of the fund making the transfer.

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2011

Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling \$587,203 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

Note 5 – Capital Assets

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

	Balance 7/1/2010	Increases	Decreases	Balance 6/30/2011
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 156,772			\$ 156,772
Construction in progress		146,476		146,476
Total non-depreciable capital assets	156,772	146,476	-	303,248
<u>Depreciable capital assets:</u>				
Buildings	9,277,574			9,277,574
Improvements other than buildings	112,900			112,900
Mobile equipment	2,973,748	293,200		3,266,948
Furniture and equipment	744,805	5,604	5,905	744,504
Total depreciable capital assets	13,109,027	298,804	5,905	13,401,926
<u>Less accumulated depreciation for:</u>				
Buildings	4,467,377	144,445		4,611,822
Improvements other than buildings	47,196	4,516		51,712
Mobile equipment	1,667,961	210,671		1,878,632
Furniture and equipment	625,164	37,606	5,846	658,924
Total accumulated depreciation	6,807,698	397,238	5,846	7,199,090
Total depreciable capital assets, net	6,301,329	(98,434)	59	6,202,836
Governmental activities capital assets, net	\$ 6,458,101	\$ 48,042	\$ 59	\$ 6,506,084

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 137,750
Support services	235,378
Non-instructional	24,110
Total depreciation expense - Governmental activities	\$ 397,238

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2011

Note 6 – Long-term Liabilities

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

	Balance 7/1/2010	Additions	Reductions	Balance 6/30/2011	Amounts due within one year
A. Limited obligation bonds payable	\$ 3,035,000	\$ 2,755,000	\$ 3,035,000	\$ 2,755,000	\$ 375,000
B. Three mill notes payable	910,000	869,634	910,000	869,634	73,838
C. Compensated absences payable	131,842	2,579	-	134,421	6,721
Total	\$ 4,076,842	\$ 3,627,213	\$ 3,945,000	\$ 3,759,055	\$ 455,559

A. Limited obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement refunding bonds, Series 2011	2-3%	3/30/2011	2/1/2018	2,755,000	2,755,000
Total				\$ 2,755,000	\$ 2,755,000

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

Limited obligation bond issue of 3/30/11:

Year Ending June 30	Principal	Interest	Total
2012	\$ 375,000	\$ 56,396	\$ 431,396
2013	375,000	59,950	434,950
2014	380,000	52,450	432,450
2015	390,000	44,850	434,850
2016	400,000	37,050	437,050
2017 – 2021	835,000	37,800	872,800
Total	\$ 2,755,000	\$ 288,496	\$ 3,043,496

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

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2011

Advance Refunding

On March 30, 2011 the district issued \$ 2,755,000 in State Aid Capital Improvement Refunding Bonds with an average interest rate of 2.44% to advance refund \$2,720,000 of outstanding State Aid Capital Improvement Bonds with an average interest rate of 5.31%. The net proceeds of \$2,741,701 after payments of \$13,299 for issuance costs were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the State Aid Capital Improvement Refunding Bonds.

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

The district advance refunded the State Aid Capital Improvement Bonds to reduce its total debt service payments over the remaining 7 years of the debt by approximately \$140,625 and to realize an economic gain of \$134,535.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax refunding note, Series 2011	3.40%	5/6/2011	10/1/2020	\$ 869,634	\$ 869,634
Total				<u>\$ 869,634</u>	<u>\$ 869,634</u>

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

Three mill notes payable issue of 5/6/11:

Year Ending June 30	Principal	Interest	Total
2012	\$ 73,838	\$ 25,438	\$ 99,276
2013	77,856	25,734	103,590
2014	81,863	23,018	104,881
2015	85,708	20,170	105,878
2016	89,383	17,193	106,576
2017 - 2021	460,986	39,392	500,378
Total	<u>\$ 869,634</u>	<u>\$ 150,945</u>	<u>\$ 1,020,579</u>

This debt will be retired from the Debt Service Fund.

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2011

Advance Refunding

On May 6, 2011 the district issued \$ 869,634 in Limited Tax Refunding Notes with an interest rate of 3.4% to advance refund \$845,000 of outstanding Limited Tax Notes with an average interest rate of 5.4%. The net proceeds of \$845,000 after payments of \$24,634 for issuance costs were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the Limited Tax Refunding Notes.

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

C. Compensated absences payable

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

Note 7 – Other Commitments

Operating leases:

The school district has several operating leases for the following:

1. Twelve copiers, \$3,728 monthly lease payment
2. Three copiers, \$943 monthly lease payment

Lease expenditures for the year ended June 30, 2011, amounted to \$56,052.

Future lease payments for these leases are as follows:

Year Ending		Amount
June 30		
2012	\$	56,052
2013		52,280
Total	\$	<u>108,332</u>

Note 8 – Defined Benefit Pension Plan

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2011

year ended June 30, 2011 was 12.00% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2011, 2010 and 2009 were \$1,336,123, \$1,413,492 and \$1,432,903, respectively, which equaled the required contributions for each year.

Note 9 – Sixteenth Section Lands

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

Year Ending June 30	Amount
2012	\$ 62,959
2013	46,489
2014	28,978
2015	9,384
2016	8,484
2017 – 2021	42,421
2022 – 2026	42,421
2027 – 2031	41,968
2032 – 2036	37,697
Total	<u>\$ 320,801</u>

Note 10 – Contingencies

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

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

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2011

Note 11 – Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 72 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. [The district has not had an additional assessment for excess losses incurred by the pool.]

Note 12 - Insurance loss recoveries

The Copiah County School District received \$10,402 in insurance loss recoveries related to a lawsuit during the 2010-2011 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated among the expense functions based on the following percentages:

Insurance Loss Recoveries	Percentage	Expense Function
\$ 10,402	100%	Support services
\$ 10,402	100%	

Note 13 - Subsequent Events

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of the Copiah County School District evaluated the activity of the district through July 30, 2012, and determined that no subsequent event had occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

COPIAH COUNTY SCHOOL DISTRICT
Required Supplemental Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 3,839,922	\$ 3,715,503	\$ 3,709,151	\$ (124,419)	\$ (6,352)
State sources	11,290,815	11,275,895	11,274,241	(14,920)	(1,654)
Federal sources	140,500	180,000	179,846	39,500	(154)
Total Revenues	15,271,237	15,171,398	15,163,238	(99,839)	(8,160)
Expenditures:					
Instruction	9,141,618	7,983,503	7,684,636	1,158,115	298,867
Support services	7,806,060	6,849,974	6,329,499	956,086	520,475
Noninstructional services	142,272	122,098	101,296	20,174	20,802
Sixteenth section	5,000	0	0	5,000	0
Facilities acquisition & construction	30,000	18,500	146,476	11,500	(127,976)
Debt service:					
Interest		5,917	5,917	(5,917)	0
Total Expenditures	17,124,950	14,979,992	14,267,824	2,144,958	712,168
Excess (Deficiency) of Revenues over (under) Expenditures	(1,853,713)	191,406	895,414	2,045,119	704,008
Other Financing Sources (Uses):					
Bonds and notes issued	0	58,105	0	58,105	(58,105)
Insurance recovery	0	10,402	10,402	10,402	0
Sale of transportation equipment	0	0	0	0	0
Operating transfers in	1,072,896	1,127,365	60,602	54,469	(1,066,763)
Other financing sources	0	0	58,105	0	58,105
Operating transfers out	(1,285,350)	(1,317,157)	(194,403)	(31,807)	1,122,754
Total Other Financing Sources (Uses)	(212,454)	(121,285)	(65,294)	91,169	55,991
Net Change in Fund Balances	(2,066,167)	70,121	830,120	2,136,288	759,999
Fund Balances:					
July 1, 2010	2,940,344	4,645,373	4,645,373	1,705,029	0
June 30, 2011	\$ 874,177	\$ 4,715,494	\$ 5,475,493	\$ 3,841,317	\$ 759,999

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

COPIAH COUNTY SCHOOL DISTRICT
Required Supplemental Information

Budgetary Comparison Schedule
Title I Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	1,532,921	1,064,672	1,049,672	(468,249)	(15,000)
Total Revenues	1,532,921	1,064,672	1,049,672	(468,249)	(15,000)
Expenditures:					
Instruction	477,446	429,546	427,085	47,900	2,461
Support services	970,613	564,173	553,058	406,440	11,115
Noninstructional services	61,534	40,640	39,216	20,894	1,424
Total Expenditures	1,509,593	1,034,359	1,019,359	475,234	15,000
Excess (Deficiency) of Revenues over (under) Expenditures	23,328	30,313	30,313	6,985	0
Other Financing Sources (Uses):					
Operating transfers out	(20,000)	(30,313)	(30,313)	(10,313)	0
Total Other Financing Sources (Uses)	(20,000)	(30,313)	(30,313)	(10,313)	0
Net Change in Fund Balances	3,328	0	0	(3,328)	0
Fund Balances:					
July 1, 2010	0	0	0	0	0
June 30, 2011	\$ 3,328	\$ 0	\$ 0	\$ (3,328)	\$ 0

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

**COPIAH COUNTY SCHOOL DISTRICT
Required Supplemental Information**

**Budgetary Comparison Schedule
ARRA IDEA Part B Fund
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
	Revenues:				
Federal sources	619,371	555,053	543,053	(64,318)	(12,000)
Total Revenues	619,371	555,053	543,053	(64,318)	(12,000)
Expenditures:					
Instruction	507,748	424,215	416,768	83,533	7,447
Support services	101,296	122,755	118,202	(21,459)	4,553
Noninstructional services	0	250	250	(250)	0
Total Expenditures	609,044	547,220	535,220	61,824	12,000
Excess (Deficiency) of Revenues over (under) Expenditures	10,327	7,833	7,833	(2,494)	0
Other Financing Sources (Uses):					
Operating transfers out	(10,327)	(7,833)	(7,833)	2,494	0
Total Other Financing Sources (Uses)	(10,327)	(7,833)	(7,833)	2,494	0
Net Change in Fund Balances	0	0	0	0	0
Fund Balances:					
July 1, 2010	0	0	0	0	0
June 30, 2011	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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

**COPIAH COUNTY SCHOOL DISTRICT
Required Supplemental Information**

**Budgetary Comparison Schedule
Sixteenth Section Interest Fund
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	95,000	108,060	108,060	13,060	0
Sixteenth section sources	726,694	928,247	928,230	201,553	(17)
Total Revenues	821,694	1,036,307	1,036,290	214,613	(17)
Expenditures:					
Sixteenth section sources	112,100	17,138	7,132	94,962	10,006
Total Expenditures	112,100	17,138	7,132	94,962	10,006
Excess (Deficiency) of Revenues over (under) Expenditures	709,594	1,019,169	1,029,158	309,575	9,989
Other Financing Sources (Uses):					
Operating transfers in	18,000	16,634	16,634	(1,366)	0
Total Other Financing Sources (Uses)	18,000	16,634	16,634	(1,366)	0
Net Change in Fund Balances	727,594	1,035,803	1,045,792	308,209	9,989
Fund Balances:					
July 1, 2010	4,248,769	4,248,769	4,248,769	0	0
June 30, 2011	\$ 4,976,363	\$ 5,284,572	\$ 5,294,561	\$ 308,209	\$ 9,989

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

COPIAH COUNTY SCHOOL DISTRICT
Notes to the Required Supplemental Information
For the year ended June 30, 2011

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

SUPPLEMENTAL INFORMATION

COPIAH COUNTY SCHOOL DISTRICT

Supplemental Information

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2011

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 492,661
National school lunch program	10.555	937,917
Summer food service program for children	10.559	17,870
Total child nutrition cluster		<u>1,448,448</u>
Total passed-through Mississippi Department of Education		<u>1,448,448</u>
Total U.S. Department of Agriculture		<u>1,448,448</u>
<u>U.S. Department of Defense</u>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	63,836
Total U.S. Department of Defense		<u>63,836</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	134,897
Total Federal Communications Commission		<u>134,897</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Career and technical education - basic grants to states	84.048	9,443
Safe and drug-free schools and communities- state grants	84.186	17,108
School improvement grants	84.377	20,498
Education jobs fund	84.410	386,151
Reading first state grants	84.357	132,528
Improving teacher quality state grants	84.367	284,651
Subtotal		<u>850,379</u>
Education technology state grants cluster:		
Education technology state grants	84.318	27,077
Total Education technology state grants cluster		<u>27,077</u>
Title I cluster:		
Title I grants to local educational agencies	84.010	1,249,254
ARRA - Title I grants to local educational agencies, Recovery Act	84.389	190,316
Total Title I cluster		<u>1,439,570</u>
Special education cluster:		
Special education - grants to states	84.027	378,890
Special education - preschool grants	84.173	16,225
ARRA - Special education grants to states, Recovery Act	84.391	543,053
ARRA - Special education - preschool grants, Recovery Act	84.392	12,524
Total special education cluster		<u>950,692</u>
State Fiscal Stabilization Fund cluster:		
ARRA - State Fiscal Stabilization Fund - Education state grants, Recovery Act	84.394	823,615
Total State Fiscal Stabilization Fund cluster		<u>823,615</u>
Total passed-through Mississippi Department of Education		<u>4,091,333</u>
Total U.S. Department of Education		<u>4,091,333</u>
Total for All Federal Awards		<u>\$ 5,738,514</u>

NOTES TO SCHEDULE

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

COPIAH COUNTY SCHOOL DISTRICT

Supplemental Information

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2011**

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 16,358,688	11,501,191	610,670	988,198	2,258,629
Other	6,226,433	1,782,057	413,649	202,542	3,827,185
Total	\$ 21,584,121	13,283,248	1,024,319	1,190,740	6,085,814
Total number of students *	2,620				
Cost per student	\$ 8,238	5,070	391	454	2,323

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.

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

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

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

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

OTHER INFORMATION

COPIAH COUNTY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes In Fund Balances

General Fund

Last Four Years

UNAUDITED

	2011	2010*	2009*	2008*
Revenues:				
Local sources	\$ 3,709,161	\$ 3,903,080	\$ 3,630,309	\$ 3,748,503
State sources	11,274,241	11,590,197	12,611,647	12,800,644
Federal sources	179,848	158,062	153,084	136,851
Sixteenth section sources	0	0	0	0
Total Revenues	15,163,238	15,651,339	16,395,040	16,685,998
Expenditures:				
Instruction	7,684,636	8,461,830	9,579,580	9,373,604
Support services	6,329,499	6,350,948	6,698,421	6,621,346
Noninstructional services	101,296	120,927	97,089	120,807
Sixteenth section	0	0	10,300	3,000
Facilities acquisition and construction	146,476			
Debt service:				
Principal	0	0	0	0
Interest	5,917	5,917	5,917	5,917
Other	0	0	0	0
Total Expenditures	14,267,824	14,939,622	18,391,307	16,124,674
Excess (Deficiency) of Revenues over (under) Expenditures	895,414	711,717	3,733	561,324
Other Financing Sources (Uses):				
Bonds and notes issued				
Insurance recovery	10,402	11,222	7,685	
Payment to refunded bond escrow agent				
Sale of transportation equipment				
Sale of other property				
Operating transfers in	60,602	41,072	58,805	
Other financing sources	58,105			
Operating transfers out	(194,403)	(230,024)	(338,243)	(550,928)
Total Other Financing Sources (Uses)	(85,294)	(177,730)	(271,753)	(550,928)
Net Change In Fund Balances	830,120	533,987	(268,020)	10,396
Fund Balances:				
Beginning of period, as originally reported	4,645,373	4,111,386	4,379,406	4,369,010
Prior period adjustments				
Beginning of period, as restated	4,645,373	4,111,386	4,379,406	4,369,010
End of Period	\$ 5,475,493	\$ 4,645,373	\$ 4,111,386	\$ 4,379,406

*SOURCE - PRIOR YEAR AUDIT REPORTS

COPIAH COUNTY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years
UNAUDITED

	2011	2010*	2009*	2008*
Revenues:				
Local sources	\$ 4,321,061	\$ 4,541,652	\$ 4,331,206	\$ 4,496,415
State sources	12,120,787	12,460,097	13,549,850	13,706,625
Federal sources	5,783,463	5,745,041	3,946,855	3,965,524
Sixteenth section sources	1,062,289	1,070,049	886,311	174,368
Total Revenues	23,267,600	23,816,839	22,714,222	22,340,932
Expenditures:				
Instruction	11,120,938	11,813,449	11,491,870	11,375,442
Support services	7,851,360	7,819,149	7,865,224	7,878,212
Noninstructional services	1,856,382	1,962,832	2,060,916	2,029,323
Sixteenth section	172,809	194,133	265,732	22,994
Facilities acquisition and construction	146,476			
Debt service:				
Principal	380,000	365,000	416,112	396,111
Interest	216,453	212,388	229,695	247,366
Other	39,703	0	0	0
Total Expenditures	21,584,121	22,166,951	22,329,549	21,949,468
Excess (Deficiency) of Revenues over (under) Expenditures	1,703,479	1,649,888	384,673	391,464
Other Financing Sources (Uses):				
Bonds and notes issued	3,624,634			
Insurance recovery	10,402	11,222	7,685	
Payment to refunded bond escrow agent	(3,565,000)			
Sale of transportation equipment				
Sale of other property				
Operating transfers in	271,639	288,046	421,294	607,875
Other financing sources	58,105			
Operating transfers out	(271,639)	(288,046)	(421,294)	(607,875)
Total Other Financing Sources (Uses)	128,141	11,222	7,685	0
Net Change in Fund Balances	1,831,620	1,661,110	392,358	391,464
Fund Balances:				
Beginning of period, as originally reported	10,564,463	8,922,725	8,534,953	8,142,830
Prior period adjustments	(1,847)			
Beginning of period, as restated	10,562,616	8,922,725	8,534,953	8,142,830
Increase (Decrease) in reserve for inventory	4,775	(19,372)	(4,586)	659
End of Period	\$ 12,399,011	\$ 10,564,463	\$ 8,922,725	\$ 8,534,953

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

PATRICK E. LOWERY AND ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

Member of Mississippi Society
of Certified Public Accountants

215 SOUTH RAILROAD AVENUE
BROOKHAVEN, MISSISSIPPI 39601

PHONE (601) 833-1456
FAX (601) 833-9896
E-MAIL: plowery3@bellsouth.net

Member of American Institute
of Certified Public Accountants

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

Superintendent and School Board

Copiah County School District

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

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, school board, 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.

Patrick E. Lowery and Associates

Patrick E. Lowery and Associates

July 30, 2012

PATRICK E. LOWERY AND ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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of Certified Public Accountants*

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FAX (601) 833-9896
E-MAIL: plowery3@bellsouth.net

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

Superintendent and School Board
Copiah County School District

Compliance

We have audited Copiah County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Copiah County School District's major federal programs for the year ended June 30, 2011. Copiah County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Copiah County School District's management. Our responsibility is to express an opinion on Copiah County School District's compliance based on our audit.

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

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

Internal Control Over Compliance

Management of Copiah County School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Copiah County School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Copiah County School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, school board, others within the entity, entities with accreditation overview, 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.

Patrick E. Lowery and Associates

Patrick E. Lowery and Associates

July 30, 2012

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

PATRICK E. LOWERY AND ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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BROOKHAVEN, MISSISSIPPI 39601

PHONE (601) 833-1456
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EMAIL: plowery3@bellsouth.net

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

Superintendent and School Board
Copiah County School District

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

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$12,957 of classroom supply funds carried over from previous years.

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

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

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

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

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

Patrick E. Lowery and Associates

Patrick E. Lowery and Associates

July 30, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COPIAH COUNTY SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Section I: Summary of Auditor's Results

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified? | None reported |
| 5. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | No |

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010, 84.389	Title I Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster
84.027, 84.173, 84.391, 84.392	Special Education Cluster
84.394	ARRA-State Fiscal Stabilization Fund, Recovery Act
84.410	Education Jobs Fund

- | | |
|---|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as low-risk auditee? | No |

COPIAH COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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

SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS

COPIAH COUNTY DEPARTMENT OF EDUCATION

TELEPHONE (601) 894-1341
FAX (601) 894-2634



RICKEY CLOPTON, SUPERINTENDENT

254 W. GALLATIN - HAZLEHURST, MISS. 39083

Auditee's Summary of Prior Audit Findings

As required by Section ____ .315 (c) of OMB Circular A-133, the Copiah County School District has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2010:

<u>Finding</u>	<u>Status</u>
2010.1	The school district is reimbursing indirect cost from a budget that has been approved.