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Amite County School District
Audited Financial Statements
June 30, 2010

Fortenberry & Ballard, PC
Certified Public Accountants

FINANCIAL AUDIT REPORT

**Amite County School District
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FORTENBERRY & BALLARD, P.C.

Certified Public Accountants

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

Superintendent and School Board
Amite 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 Amite County School District as of and for the year ended June 30, 2010, which collectively comprise the Amite County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Amite County School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Amite County School District, as of June 30, 2010, and the respective changes in financial position, thereof for the year 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 December 28, 2010, on our consideration of the Amite County School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. Our audit was conducted for the purpose of forming opinions on the financial statements that

AICPA & MSCPA

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
December 28, 2010

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

**AMITE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

The discussion and analysis of Amite County School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets increased \$2,593,659, in addition to a prior period adjustment of \$14,510, representing a 16% increase from fiscal year 2009. This increase in net assets is primarily due to the following: 1) sixteenth section revenue generated during the fiscal year primarily from the sale of timber, sixteenth section leases, oil and gas royalties and earnings on sixteenth section investments, and 2) conservative budgeting and spending during the fiscal year.
- General revenues amounted to \$11,495,740 and \$9,821,218, or 75% of all revenues for fiscal years 2010 and 2009. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,772,494, or 25% of total revenues for 2010, and \$3,221,140, or 25% of total revenues for 2009.
- The District had \$12,674,575 and \$11,809,056 in expenses for fiscal years 2010 and 2009; only \$3,772,494 for 2010 and \$3,221,140 for 2009 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$11,495,740 for 2010 and \$9,821,218 for 2009 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$8,028,188 in revenues and \$7,889,332 in expenditures for 2010, and \$8,265,695 in revenues and \$8,028,503 in expenditures for 2009. The General Fund's fund balance decreased by \$308,232 from 2009 to 2010, and decreased by \$1,213,607 from 2008 to 2009, which includes a prior period adjustment in the amount of \$(1,652).
- Capital assets, net of accumulated depreciation, increased by \$1,993,485 for 2010 and increased by \$54,248 for 2009. The increase for 2010 was due primarily to the ongoing building improvements to Liberty Elementary School.
- Long-term debt decreased by \$41,000 for 2010 and decreased by \$39,500 for 2009. This decrease was due to the principal payments on outstanding long-term debt. In addition, the liability for compensated absences increased by \$7,788 in 2010, and increased \$13,005 in

2009.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental

funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. The governmental fund's balance sheet is reconciled to the statement of net assets, and the governmental fund's 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 fund's balance sheet and in the governmental fund's statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

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

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.

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

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

Additionally, a schedule of expenditures of federal awards as required by OMB Cir. A-133 and a schedule of instructional, administrative and other expenditures for Governmental Funds can be found in this report.

Also, included in the other supplemental information section are the Statement of Revenues, Expenditures and Changes in Fund Balances, General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Funds, Last Four Years. This information is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by \$18,681,952 as of June 30, 2010.

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, 2010 and June 30, 2009.

Table 1
Condensed Statement of Net Assets

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Percentage Change</u>
Current assets	\$ 6,451,767	6,368,679	1%
Restricted assets	7,591,039	6,974,318	9%
Capital assets, net	<u>5,010,877</u>	<u>3,017,392</u>	66%
Total assets	<u>19,053,683</u>	<u>16,360,389</u>	16%
Current liabilities	230,285	111,948	106%
Long-term debt	<u>141,446</u>	<u>174,658</u>	(19)%
Total liabilities	<u>371,731</u>	<u>286,606</u>	30%
Net assets:			
Invested in capital assets, net of related debt	4,967,877	2,933,392	69%
Restricted	12,018,623	11,140,841	8%
Unrestricted	<u>1,695,452</u>	<u>1,999,550</u>	(15)%
Total net assets	<u>\$ 18,681,952</u>	<u>16,073,783</u>	16%

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

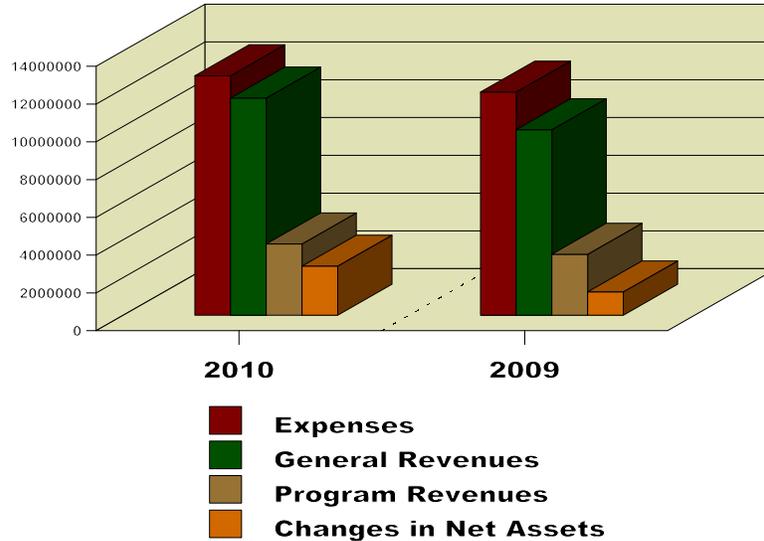
- Increase in net capital assets in the amount of \$1,993,485.
- The principal retirement of \$41,000 of long-term debt.

Changes in net assets. The District's total revenues for the fiscal years ended June 30, 2010 and June 30, 2009 were \$15,268,234, and \$13,042,358, respectively. The total cost of all programs and services was \$12,674,575 for 2010 and \$11,809,056 for 2009. Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2010 and June 30, 2009.

Table 2
Changes in Net Assets

	<u>Year Ended June 30, 2010</u>	<u>Year Ended June 30, 2009</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 468,783	330,078	42%
Operating grants and contributions	<u>3,303,711</u>	<u>2,891,062</u>	14%
Total program revenues	<u>3,772,494</u>	<u>3,221,140</u>	17%
General revenues:			
Property taxes	2,338,514	2,135,386	10%
Grants and contributions not restricted	5,972,340	5,769,029	4%
Unrestricted investment earnings	511,001	461,028	11%
Sixteenth section sources	2,037,930	1,200,164	70%
Other	<u>635,955</u>	<u>255,611</u>	149%
Total general revenues	<u>11,495,740</u>	<u>9,821,218</u>	17%
Total revenues	<u>15,268,234</u>	<u>13,042,358</u>	17%
Expenses:			
Instruction	7,025,283	6,241,741	13%
Support services	4,781,753	4,654,128	3%
Non-instructional	744,064	739,332	1%
Sixteenth section	48,491	129,271	(62)%
Interest on long-term debt	<u>74,984</u>	<u>44,584</u>	68%
Total expenses	<u>12,674,575</u>	<u>11,809,056</u>	7%
Increase (Decrease) in net assets	<u>2,593,659</u>	<u>1,233,302</u>	110%
Net Assets, July 1, as originally reported	16,073,783	14,837,501	8%
Prior Period Adjustment	<u>14,510</u>	<u>2,980</u>	387%
Net Assets, Restated	<u>16,088,293</u>	<u>14,840,481</u>	8%
Net Assets, June 30	<u>\$ 18,681,952</u>	<u>16,073,783</u>	16%

Comparative Chart as per Statement of Activities



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

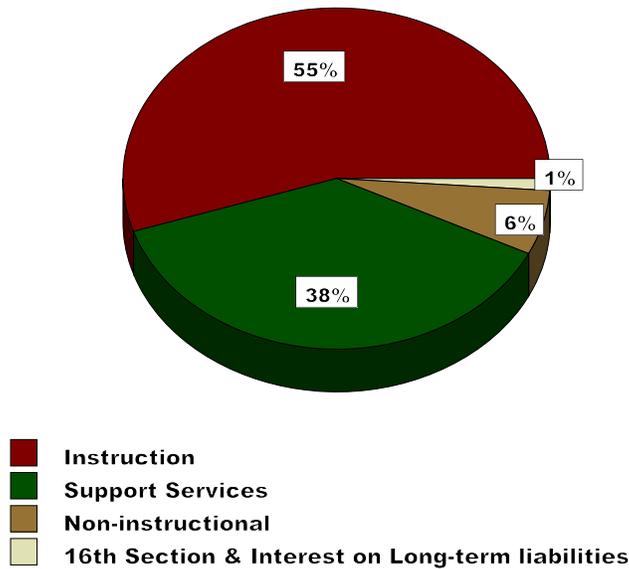
**Table 3
Net Cost of Governmental Activities**

	2010	2009	Percentage Change
Instruction	\$ 7,025,283	6,241,741	13%
Support services	4,781,753	4,654,128	3%
Non-instructional	744,064	739,332	1%
Sixteenth section	48,491	129,271	(62)%
Interest on long-term liabilities	74,984	44,584	68%
Total Expenses	\$ 12,674,575	11,809,056	7%

Net (Expense) Revenue

	2010	2009	Percentage Change
Instruction	\$ (5,438,213)	(5,042,996)	8%
Support services	(3,698,630)	(3,541,902)	4%
Non-instructional	87,826	77,130	14%
Sixteenth section	221,920	(35,564)	(724)%
Interest on long-term liabilities	(74,984)	(44,584)	68%
Total Net (Expense) Revenue	\$ (8,902,081)	(8,587,916)	4%

Chart of Expenses as per Statement of Activities



- Net cost of governmental activities, (\$8,902,081 for 2010 and \$8,587,916 for 2009) was financed by general revenue, which is made up primarily property taxes of (\$2,338,514 for 2010 and \$2,135,386 for 2009) and state and federal revenues of (\$5,972,340 for 2010 and \$5,769,029 for 2009). In addition, there was \$2,037,930 and \$1,200,164 in Sixteenth Section sources for 2010 and 2009, respectively.
- Investment earnings amounted to \$511,001 for 2010 and \$461,028 for 2009.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$13,812,700, an increase of \$581,302, which includes the decrease in reserve for inventory of \$7,099. \$4,015,661 or 29% of the fund balance represents unreserved and undesignated fund balance, which is available for spending at the District’s discretion. \$165,185 or 1% of the fund balance represents unreserved, designated fund balance which will be used to complete the building improvement project at Liberty Elementary School. The remaining fund balance of \$9,631,854 or 70% is reserved or designated to indicate that it is not available for spending because it has already been committed. This portion of the fund balance has been reserved for advances, inventory, advalorem, unemployment benefits, forestry improvement purposes and permanent fund purposes.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$308,232. This decrease is due primarily to the transfer of

funds to other governmental funds for operating purposes. The fund balance of Other Governmental Funds showed an increase in the amount of \$194,959, which includes a decrease in reserve for inventory of \$7,099, which is to reflect the actual inventory for the current fiscal year. The other increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Sixteenth Section Interest Fund	\$1,997,563
Liberty Elementary School Renovation Fund	(1,693,647)
Sixteenth Section Principal Fund	390,659

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 are explained as follows:

- Budgeted amounts for revenue from sixteenth section sources in the Sixteenth Section Interest Fund were increased to reflect actual revenue from the sale of timber, sixteenth section leases and earnings on investments.
- Budgeted amounts for facilities acquisition and construction expenditures in the LES Renovations Fund were increased to reflect actual expenditures incurred relating to the building improvement project at Liberty Elementary School.

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 supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2010, the District's total capital assets were \$8,425,168, including land, construction in progress, school buildings, building improvements, improvements other than buildings, buses, other school vehicles and furniture and equipment. This amount represents a gross increase of \$2,091,120 from 2009 due primarily to the ongoing building improvement project at Liberty Elementary School. The District also purchased a school bus and various items of furniture and equipment, as well as disposing of various items of mobile equipment and furniture and equipment during the fiscal year. Total accumulated depreciation as of June 30, 2010, was \$3,414,291, and total depreciation expense for the year was \$248,393, resulting in total net capital assets of \$5,010,877.

**Table 4
Capital Assets**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Percentage Change</u>
Land	\$ 20,500	20,500	0%
Construction in Progress	2,209,637	109,083	1926%
Buildings	1,456,018	1,501,899	(3)%
Building improvements	421,698	447,505	(6)%
Improvements other than buildings	120,614	126,096	(4)%
Mobile equipment	680,471	740,528	(8)%
Furniture and equipment	101,939	71,781	42%
Total	\$ <u>5,010,877</u>	<u>3,017,392</u>	66%

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

Debt Administration. At June 30, 2010, the District had \$141,446 in outstanding long-term debt, of which \$47,922 is due within one year. The liability for compensated absences increased \$7,788 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Percentage Change</u>
Transportation equipment loans payable	\$ 43,000	84,000	(49)%
Compensated absences	98,446	90,658	9%
Total	\$ <u>141,446</u>	<u>174,658</u>	(19)%

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

CURRENT ISSUES

The Amite 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 are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

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

Enrollment for the 2009-2010 year decreased by less than 1% to 1,087 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Amite County School District, PO Box 378, Liberty, MS 39645.

FINANCIAL STATEMENTS

AMITE COUNTY SCHOOL DISTRICT

Exhibit A

Statement of Net Assets

June 30, 2010

	Governmental Activities
	<hr/>
Assets	
Cash and cash equivalents	\$ 5,909,691
Due from other governments	537,633
Inventories	4,443
Restricted assets	7,591,039
Capital assets, non-depreciable:	
Land	20,500
Construction in progress	2,209,637
Capital assets, net of accumulated depreciation:	
Buildings	1,456,018
Building improvements	421,698
Improvements other than buildings	120,614
Mobile equipment	680,471
Furniture and equipment	101,939
	<hr/>
Total Assets	19,053,683
	<hr/>
Liabilities	
Accounts payable and accrued liabilities	229,004
Due to other governments	1,102
Interest payable on long-term liabilities	179
Long-term liabilities, due within one year	
Capital related liabilities	43,000
Non-capital related liabilities	4,922
Long-term liabilities, due beyond one year	
Non-capital related liabilities	93,524
	<hr/>
Total Liabilities	371,731
	<hr/>
Net Assets	
Invested in capital assets, net of related debt	4,967,877
Restricted net assets:	
Expendable:	
School-based activities	2,244,162
Capital improvements	165,185
Forestry improvements	382,225
Unemployment benefits	46,069
Non-expendable:	
Sixteenth section	9,180,982
Unrestricted	1,695,452
	<hr/>
Total Net Assets	\$ 18,681,952
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The notes to the financial statements are an integral part of this statement.

AMITE COUNTY SCHOOL DISTRICT

Exhibit B

Statement of Activities

For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental Activities:				
Instruction	\$ 7,025,283	39,418	1,547,652	(5,438,213)
Support services	4,781,753		1,083,123	(3,698,630)
Non-instructional	744,064	158,954	672,936	87,826
Sixteenth section	48,491	270,411		221,920
Interest on long-term liabilities	74,984			(74,984)
Total Governmental Activities	\$ 12,674,575	468,783	3,303,711	(8,902,081)
General Revenues:				
Taxes:				
General purpose levies				2,338,514
Unrestricted grants and contributions:				
State				5,032,204
Federal				940,136
Unrestricted investment earnings				511,001
Sixteenth section				2,037,930
Other				635,955
Total General Revenues				11,495,740
Change in Net Assets				2,593,659
Net Assets - Beginning				16,073,783
Prior Period Adjustment				14,510
Net Assets - Restated				16,088,293
Net Assets - Ending				\$ 18,681,952

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

AMITE COUNTY SCHOOL DISTRICT
 Balance Sheet - Governmental Funds
 June 30, 2010

Exhibit C

	General Fund	Sixteenth Section Interest Fund	Library Elementary School Renovation Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,052,198	2,092,772	165,185	5,291,039	599,536	11,200,730
Investments				2,300,000		2,300,000
Due from other governments	92,829				424,652	517,481
Due from other funds	317,555	39			6,733	324,327
Advances to other funds				1,601,200		1,601,200
Inventories					4,443	4,443
Total Assets	\$ 3,462,582	2,092,811	165,185	9,192,239	1,035,364	15,948,181
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 78,275	28,500			122,229	229,004
Due to other funds	287				304,990	305,277
Advances from other funds	1,601,200					1,601,200
Total Liabilities	1,679,762	28,500	0	0	427,219	2,135,481
Fund Balances:						
Reserved for:						
Advances				1,601,200		1,601,200
Inventory					4,443	4,443
Advalorem	18,135					18,135
Unemployment					46,069	46,069
Forestry					382,225	382,225
Permanent Funds				7,579,782		7,579,782
Unreserved:						
Designated for building improvements, reported in:						
Special Revenue Funds			165,185			165,185
Undesignated, reported in:						
General Fund	1,764,685					1,764,685
Special Revenue Funds		2,064,311			175,408	2,239,719
Permanent Fund				11,257		11,257
Total Fund Balances	1,782,820	2,064,311	165,185	9,192,239	608,145	13,812,700
Total Liabilities and Fund Balances	\$ 3,462,582	2,092,811	165,185	9,192,239	1,035,364	15,948,181

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

AMITE COUNTY SCHOOL DISTRICT

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2010

	General Fund	Sixteenth Section Interest Fund	Liberty Elementary School Renovation Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Local sources	\$ 2,592,616		35,281		325,365	2,953,262
State sources	5,066,994				257,515	5,324,509
Federal sources	368,578				3,582,964	3,951,542
Sixteenth section sources		1,669,512		721,165	276,618	2,667,295
Total Revenues	<u>8,028,188</u>	<u>1,669,512</u>	<u>35,281</u>	<u>721,165</u>	<u>4,442,462</u>	<u>14,896,608</u>
Expenditures:						
Instruction	4,628,472				2,315,281	6,943,753
Support services	3,186,971				1,528,628	4,715,599
Noninstructional services	799				755,983	756,782
Facilities acquisition and construction			2,100,554			2,100,554
Sixteenth section		7,849			40,642	48,491
Debt service:						
Principal					41,000	41,000
Interest	73,090				2,064	75,154
Total Expenditures	<u>7,889,332</u>	<u>7,849</u>	<u>2,100,554</u>	<u>0</u>	<u>4,683,598</u>	<u>14,681,333</u>
Excess (Deficiency) of Revenues over Expenditures	<u>138,856</u>	<u>1,661,663</u>	<u>(2,065,273)</u>	<u>721,165</u>	<u>(241,136)</u>	<u>215,275</u>
Other Financing Sources (Uses):						
Insurance Loss Recoveries			371,626			371,626
Sale of transportation equipment	1,500					1,500
Operating transfers in	51,367	335,900			504,320	891,587
Operating transfers out	(499,955)			(330,506)	(61,126)	(891,587)
Total Other Financing Sources (Uses)	<u>(447,088)</u>	<u>335,900</u>	<u>371,626</u>	<u>(330,506)</u>	<u>443,194</u>	<u>373,126</u>
Net Change in Fund Balances	<u>(308,232)</u>	<u>1,997,563</u>	<u>(1,693,647)</u>	<u>390,659</u>	<u>202,058</u>	<u>588,401</u>
Fund Balances:						
July 1, 2009	2,091,052	66,748	1,858,832	8,801,580	413,186	13,231,398
Increase (Decrease) in reserve for inventory					(7,099)	(7,099)
June 30, 2010	<u>\$ 1,782,820</u>	<u>2,064,311</u>	<u>165,185</u>	<u>9,192,239</u>	<u>608,145</u>	<u>13,812,700</u>

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

AMITE COUNTY SCHOOL DISTRICT

Exhibit D-1

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, 2010

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 588,401
Amounts reported for governmental activities in the Statement of Activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$2,247,662 and the depreciation expense amounted to \$248,393.	1,999,269
2. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment has no effect on net assets.	41,000
3. Expenses in the Statement of Activities not normally paid with expendable available financial resources are not reported as expenditures in the governmental funds: Compensated Absences	(7,788)
4. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.	170
5. Increases or decreases in reserve for inventory directly affects fund balance in the fund statements, but is adjusted through expenses in the Statement of Activities.	(7,099)
6. Gains and losses on sale or disposal of assets are not reported in the governmental funds, but are reported in the Statement of Activities, net of proceeds.	(20,294)
Change in Net Assets of Governmental Activities	\$ <u><u>2,593,659</u></u>

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

AMITE COUNTY SCHOOL DISTRICT
Statement of Fiduciary Assets and Liabilities
June 30, 2010

Exhibit E

		<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$	513,010
Due from other funds		<u>1,102</u>
 Total Assets	 \$	 <u><u>514,112</u></u>
Liabilities		
Accounts payable and accrued liabilities	\$	487,858
Due to other funds		20,152
Due to student clubs		<u>6,102</u>
 Total Liabilities	 \$	 <u><u>514,112</u></u>

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

Amite County School District

Notes to the Financial Statements
June 30, 2010

Amite County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

(1) Summary of Significant Accounting Policies.

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

A. Financial Reporting Entity.

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

For financial reporting purposes, Amite 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.

B. Basis of Presentation.

Government-wide Financial Statements:

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

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

1. Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Amite County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

2. Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements:

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

The school district reports the following major governmental funds:

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

Liberty Elementary School Renovations Fund - This fund is used to account for funds and the expenditures associated with the renovation of Liberty High School and roofing damages sustained at the Liberty Elementary School.

Sixteenth Section Principal Fund - This is a permanent fund used to account for resources from sixteenth section lands that are legally restricted to the extent that only earnings, and not the principal, may be used for purposes that support the district's programs.

Sixteenth Section Interest Fund - This special revenue fund accounts for funds and expenditures associated with earnings on sixteenth section lands.

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

Amite County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

The school district also reports fiduciary funds which focus on assets and liabilities only. The District's fiduciary funds include the following:

Payroll Clearing Fund– This fund serves as a clearing fund for payroll type transactions.

Student Club Funds– These various funds account for the monies raised through school club activities and fundraisers and club related expenditures approved by the individual clubs.

Accounts Payable Clearing Fund– This fund serves as a clearing fund for accounts payable type transactions.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

FIDUCIARY FUNDS

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

C. Measurement Focus and Basis of Accounting.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount.

Amite County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

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

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

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

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

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

D. Account Classifications.

The account classifications used in the financial statements conform to the broad

Amite County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

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 the *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 or equity.

1. Cash, Cash equivalents, and Investments

Cash and cash equivalents.

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

Investments.

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of 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

Amite County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments

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

4. Inventories and Prepaid Items

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased.

Prepaid items, such as prepaid insurance, are not reported for governmental fund types since the costs of such items are accounted for as expenditures in the period of acquisition.

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable debt statutes. 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

Amite County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

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 capital thresholds:

	Capitalization Policy	Estimated useful life
Land	\$ 0	0
Buildings	50,000	40 years
Building Improvements	25,000	20 years
Improvements other than Buildings	25,000	20 years
Mobile Equipment	5,000	5-10 years
Furniture and Equipment	5,000	3-7 years
Leased Property Under Capital Leases	*	*

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

7. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required to do so 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 Expenses, and Bond Discounts/Premiums.

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issue costs, 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.

Amite County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

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

9. Fund equity.

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

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

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

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

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

Reserved for ad valorem - An account used to record the ad valorem taxes collected in excess of legal limitations for the current fiscal year.

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

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

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

Unreserved - designated for building improvements, reported in special revenue funds - An account that represents a portion of the unreserved fund

Amite County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

balance that the school board has specifically obligated for future repairs, renovations, and construction projects of district's buildings and facilities.

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

(2) Cash and Cash Equivalents and Investments.

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

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

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

Cash and Cash Equivalents.

The carrying amount of the school district's deposits with financial institutions as reported in the governmental funds and fiduciary funds was \$11,200,730 and \$513,010, respectively. The bank balance was \$14,297,346.

Amite County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2010, none of the district's bank balance of \$14,297,346 was exposed to custodial credit risk.

Investments.

As of June 30, 2010 the district had the following investments.

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Rating</u>
Certificate of Deposit	1 to 5	\$ 2,300,000	Not Rated
Total Investments		<u>\$ 2,300,000</u>	

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2010, the district did not have any investments to which this would apply.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U. S. Government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2010, the district had the following investments:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
First Bank, McComb, MS	\$2,300,000	100%

(3) Inter-fund Receivables, Payables, and Transfers.

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

Amite County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

A. Due From/To Other Funds.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 297,403
	Fiduciary Fund	20,152
Fiduciary Fund	Other Governmental Funds	854
	General Fund	248
Sixteenth Section Interest Fund	General Fund	39
Other Governmental Funds	Other Governmental Funds	<u>6,733</u>
Total		<u>\$ 325,429</u>

The primary purpose of the inter-fund receivables and payables was to close out federal program funds as part of routine year-end closing procedures. All inter-fund receivables and payables are expected to be repaid within one year.

B. Advances To/From Other Funds.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sixteenth Section Principal Fund	General Fund	\$ <u>1,601,200</u>
Total		<u>\$ 1,601,200</u>

Sixteenth section principal loans payable.

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

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

<u>Year Ending</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>				
2011	\$	202,511	64,048	266,559
2012		158,623	55,947	214,570
2013		82,372	49,603	131,975
2014		79,370	46,308	125,678
2015		82,240	43,133	125,373
2016 - 2020		411,128	167,091	578,219
2021 - 2025		317,863	89,412	407,275
2026 - 2029		267,093	27,233	294,326
Total	\$	<u>1,601,200</u>	<u>542,775</u>	<u>2,143,975</u>

Amite County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

C. Inter-fund Transfers.

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 499,955
Sixteenth Section Principal Fund	Sixteenth Section Interest Fund	330,506
Other Governmental Funds	General Fund	51,367
	Sixteenth Section Interest Fund	5,394
	Other Governmental Funds	4,365
Total		<u>\$ 891,587</u>

The above transfers were primarily for the following: indirect cost transfers, vocational and special educational expenditures, and the transfer of expendable resources from the sixteenth section principal fund to the sixteenth section interest fund.

(4) Restricted Assets.

The restricted assets represent the cash balance and investment balance, totaling \$5,291,039, and \$2,300,00, respectively 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.

(5) Capital Assets.

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

	<u>Balance 7-1-2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance 6-30-2010</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 20,500				20,500
Construction in progress	109,083	2,100,554			2,209,637
Total non-depreciable capital assets	<u>129,583</u>	<u>2,100,554</u>	<u>0</u>	<u>0</u>	<u>2,230,137</u>
<u>Depreciable capital assets:</u>					
Buildings	3,393,762				3,393,762
Building improvements	645,174				645,174
Improvements other than buildings	137,061				137,061
Mobile equipment	1,582,287	81,400	138,400		1,525,287
Furniture and equipment	446,181	65,708	35,042	16,900	493,747
Total depreciable capital assets	<u>6,204,465</u>	<u>147,108</u>	<u>173,442</u>	<u>16,900</u>	<u>6,195,031</u>
<u>Less accumulated depreciation for :</u>					
Buildings	1,891,863	45,881			1,937,744
Building improvements	197,669	25,807			223,476
Improvements other than buildings	10,965	5,482			16,447
Mobile equipment	841,759	122,487	119,430		844,816
Furniture and equipment	374,400	48,736	33,718	2,390	391,808
Total accumulated depreciation	<u>3,316,656</u>	<u>248,393</u>	<u>153,148</u>	<u>2,390</u>	<u>3,414,291</u>

Amite County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

Total depreciable capital assets, net	<u>2,887,809</u>	<u>(101,285)</u>	<u>20,294</u>	<u>14,510</u>	<u>2,780,740</u>
Governmental activities capital assets,	\$ <u>3,017,392</u>	<u>1,999,269</u>	<u>20,294</u>	<u>14,510</u>	<u>5,010,877</u>

Adjustments were needed to record the cost and accumulated depreciation of an asset that was purchased in a prior fiscal year, but was not included in prior year capital asset balances.

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$ 100,954
Support services	135,145
Non-instructional	12,294
Total depreciation expense	<u>\$ 248,393</u>

Commitments under construction contracts at June 30, 2010, are summarized as follows:

	Spent to June 30, 2010	Remaining Commitment
Governmental activities:		
Project for Liberty Elementary School	\$ 2,209,637	124,275
Total	<u>\$ 2,209,637</u>	<u>124,275</u>

Construction projects included in governmental activities are funded with Liberty Elementary School Renovation Fund resources.

(6) Long-term liabilities.

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

	Balance 7-1-2009	Additions	Reductions	Balance 6-30-2010	Amounts due within one year
A. Transportation equipment loans payable	\$ 84,000		41,000	43,000	43,000
B. Compensated absences payable	90,658	7,788		98,446	4,922
Total	<u>\$ 174,658</u>	<u>7,788</u>	<u>41,000</u>	<u>141,446</u>	<u>47,922</u>

Amite County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

A. Transportation Equipment Loans.

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Transportation Equipment Loan	3.25%	11-15-04	11-15-10	\$ 230,500	43,000
Total				<u>\$ 230,500</u>	<u>43,000</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 43,000	699	43,699
Total	<u>\$ 43,000</u>	<u>699</u>	<u>43,699</u>

This debt will be retired from the EEF Building and Buses Fund.

B. Compensated absences payable.

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

(7) Other Commitments.

Commitments under construction contracts are described in Note 5.

(8) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2010 was 12.00% of the 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, 2010, 2009 and 2008 were

Amite County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

\$800,272, \$769,539, and \$771,294, respectively, which equaled the required contributions for each year.

(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
2011	\$ 88,270
2012	68,149
2013	51,953
2014	37,503
2015	24,934
2016-2020	91,780
2021-2025	413
2026-2030	413
2031-2035	413
2036-2040	413
2041-2045	413
Total	\$ <u>364,654</u>

(10) Risk Management.

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

Participation in Public Entity Risk Pool.

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 63 school districts and covers risks of loss arising from injuries to the member's employees.

Amite County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

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.

(11) 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 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 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.

(12) Insurance Loss Recoveries.

The Amite County School District received \$371,626 in insurance loss recoveries related to roof damage at Liberty Elementary School. In the government-wide Statement of Activities, the insurance loss recoveries were reported as other general revenues.

(13) Prior Period Adjustments/Exhibits.

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation(s)</u>	<u>Amount</u>
1. To correct balances in capital assets and accumulated depreciation	\$ 14,510
Total	\$ <u>14,510</u>

REQUIRED SUPPLEMENTARY INFORMATION

Amite County School District
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2010

Schedule 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES:					
Local sources	\$ 2,802,673	\$ 2,592,616	\$ 2,592,616	\$ (210,057)	\$ -
State sources	4,542,562	5,066,994	5,066,994	524,432	-
Federal sources	180,036	368,578	368,578	188,542	-
Total Revenues	<u>7,525,271</u>	<u>8,028,188</u>	<u>8,028,188</u>	<u>502,917</u>	<u>-</u>
EXPENDITURES:					
Instruction	4,452,345	4,628,472	4,628,472	(176,127)	-
Support services	3,513,827	3,188,016	3,186,971	325,811	1,045
Noninstructional services	280	799	799	(519)	-
Debt service:					
Interest	64,048	73,090	73,090	(9,042)	-
Total Expenditures	<u>8,030,500</u>	<u>7,890,377</u>	<u>7,889,332</u>	<u>140,123</u>	<u>1,045</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(505,229)</u>	<u>137,811</u>	<u>138,856</u>	<u>643,040</u>	<u>1,045</u>
OTHER FINANCING SOURCES (USES):					
Sale of transportation equipment	-	1,500	1,500	1,500	-
Operating transfers in	1,153,550	1,139,835	51,367	(13,715)	(1,088,468)
Operating transfers out	(1,609,773)	(1,588,423)	(499,955)	21,350	1,088,468
Total Other Financing Sources (Uses)	<u>(456,223)</u>	<u>(447,088)</u>	<u>(447,088)</u>	<u>9,135</u>	<u>-</u>
Net Change in Fund Balances	<u>(961,452)</u>	<u>(309,277)</u>	<u>(308,232)</u>	<u>652,175</u>	<u>1,045</u>
Fund Balances:					
July 1, 2009			<u>2,091,052</u>		
June 30, 2010			<u>\$ 1,782,820</u>		

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

Amite County School District
 Budgetary Comparison Schedule
 Sixteenth Section Interest Fund
 For the Year Ended June 30, 2010

Schedule 2

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES:					
Local sources	\$ 17,000	\$ -	\$ -	\$ (17,000)	\$ -
Sixteenth section sources	835,300	1,669,512	1,669,512	834,212	-
Total Revenues	852,300	1,669,512	1,669,512	817,212	-
EXPENDITURES:					
Sixteenth section	15,500	7,849	7,849	7,651	-
Total Expenditures	15,500	7,849	7,849	7,651	-
Excess (Deficiency) of Revenues over Expenditures	836,800	1,661,663	1,661,663	824,863	-
OTHER FINANCING SOURCES (USES):					
Operating transfers in	314,348	335,900	335,900	21,552	-
Total Other Financing Sources (Uses)	314,348	335,900	335,900	21,552	-
Net Change in Fund Balances	1,151,148	1,997,563	1,997,563	846,415	-
Fund Balances:					
July 1, 2009			66,748		
June 30, 2010			\$ 2,064,311		

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

Amite County School District
 Budgetary Comparison Schedule
 Liberty Elementary School Renovations Fund
 For the Year Ended June 30, 2010

Schedule 3

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES:					
Local sources	\$ -	\$ 35,281	\$ 35,281	\$ 35,281	\$ -
Total Revenues	-	35,281	35,281	35,281	-
EXPENDITURES:					
Support services	28,000	29,106		(1,106)	29,106
Facilities acquisition and construction	124,275	2,071,448	2,100,554	(1,947,173)	(29,106)
Total Expenditures	152,275	2,100,554	2,100,554	(1,948,279)	-
Excess (Deficiency) of Revenues over Expenditures	(152,275)	(2,065,273)	(2,065,273)	(1,912,998)	-
OTHER FINANCING SOURCES (USES):					
Insurance loss recoveries	125,542	371,626	371,626	246,084	-
Total Other Financing Sources (Uses)	125,542	371,626	371,626	246,084	-
Net Change in Fund Balances	(26,733)	(1,693,647)	(1,693,647)	(1,666,914)	-
Fund Balances:					
July 1, 2009			1,858,832		
June 30, 2010			\$ 165,185		

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

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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Amite County School District

Notes to the Required Supplementary Information
For the Year Ended June 30, 2010

Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(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

Amite County School District
 Schedule of Expenditure of Federal Awards
 For the Year Ended June 30, 2010

Schedule 1

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	152,852
National School Lunch Program	10.555	506,545
Summer Food Lunch Program	10.559	29,884
Total Child Nutrition Cluster		<u>689,281</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	178,630
Cooperative Forestry Assistance	10.664	34,801
Total passed-through the Mississippi Department of Education		<u>213,431</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE		<u>902,712</u>
U.S. DEPARTMENT OF DEFENSE		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	59,300
TOTAL U. S. DEPARTMENT OF DEFENSE		<u>59,300</u>
FEDERAL COMMUNICATION COMMISSION		
Administered through Universal Service Administrative Company:		
Communications Information and Assistance and Investigation of Complaints	32.001	107,453
TOTAL FEDERAL COMMUNICATION COMMISSION		<u>107,453</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct Program:		
Abstinence Education Program	93.235	4,246
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>4,246</u>
U.S. DEPARTMENT OF EDUCATION		
Passed-through Mississippi Board of Community and Junior Colleges:		
Adult Education - State Grant Program	84.002	45,841
Total passed-through the Mississippi Board of Community and Junior Colleges		<u>45,841</u>
Passed-through the Mississippi Department of Education:		
Title I Cluster:		
Title I Grants to Local Educational Agencies	84.010	796,864
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	177,821
Total Title I Cluster		<u>974,685</u>
Career and Technical Education - Basic Grants to States	84.048	13,506
Safe and Drug Free Schools and Communities - State Grants	84.186	5,969
Twenty-first Century Community Learning Centers	84.287	244,947
State Grants for Innovative Programs	84.298	2,371
Education Technology State Grants	84.318	6,556
School Improvement Grants	84.357	366,652
Rural Education	84.358	8,323
Improving Teacher Quality - State Grants	84.367	177,975
School Improvement Grants	84.377	5,963
ARRA - State Fiscal Stabilization Funds	84.394	379,032
Subtotal		<u>1,211,294</u>

Special Education Cluster:		
Special Education - Grants to States	84.027	329,100
ARRA - Special Education - Grants to States - Recovery Act	84.391	9,822
Special Education - Preschool Grants	84.173	14,299
ARRA - Special Education - Preschool Grants - Recovery Act	84.392	245,270
Total special education cluster		<u>598,491</u>
Education of Children and Youth Cluster:		
Education for Homeless Children and Youth	84.196	11,302
ARRA - Education for Homeless Children and Youth - Recovery Act	84.387	12,014
Total Education of Children and Youth Cluster		<u>23,316</u>
Total passed-through the MDE		<u>2,807,786</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>2,853,627</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$3,927,338</u></u>

Notes to this schedule:

1. This schedule was prepared using the same basis of accounting and 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.

Amite County School District
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2010

Schedule 2

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 9,139,280	6,978,511	487,207	553,846	1,119,716
Other	<u>5,542,053</u>	<u>1,406,150</u>	<u>182,600</u>	<u>21,957</u>	<u>3,931,346</u>
Total	<u>\$ 14,681,333</u>	<u>8,384,661</u>	<u>669,807</u>	<u>575,803</u>	<u>5,051,062</u>
Total number of students*	<u>1,087</u>				
Cost per student	<u>\$ 13,507</u>	<u>7,714</u>	<u>616</u>	<u>530</u>	<u>4,647</u>

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 (2300s); and Support Services - Business (2500s).

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

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

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

OTHER SUPPLEMENTAL INFORMATION

AMITE COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund

Last Four Years

	2010	2009*	2008*	2007*
Revenues:				
Local sources	\$ 2,592,616	2,412,104	2,324,479	2,044,500
State sources	5,066,994	5,539,076	5,891,678	5,720,255
Federal sources	368,578	314,515	303,687	280,835
Total Revenues	8,028,188	8,265,695	8,519,844	8,045,590
Expenditures:				
Instruction	4,628,472	4,805,420	4,752,664	4,459,810
Support services	3,186,971	3,177,268	3,159,418	2,953,605
Noninstructional services	799	4,283	1,540	3,588
Facilities acquisition and construction				
Debt service:				
Interest	73,090	41,532	63,126	92,117
Total Expenditures	7,889,332	8,028,503	7,976,748	7,509,120
Excess (Deficiency) of Revenues over Expenditures	138,856	237,192	543,096	536,470
Other Financing Sources (Uses):				
Insurance loss recoveries		11,280	1,480	6,880
Sale of transportation equipment	1,500		2,588	1,000
Sale of other property				2,015
Operating transfers in	51,367	1,009,065	2,028,147	1,191,902
Operating transfers out	(499,955)	(2,469,492)	(463,098)	(445,756)
Other financing uses			(23,820)	
Total Other Financing Sources (Uses)	(447,088)	(1,449,147)	1,545,297	756,041
Net Change in Fund Balances	(308,232)	(1,211,955)	2,088,393	1,292,511
Fund Balances:				
July 1,	2,091,052	3,304,659	1,190,673	(101,838)
Prior period adjustments		(1,652)	25,593	
July 1, as restated	2,091,052	3,303,007	1,216,266	(101,838)
June 30,	\$ 1,782,820	2,091,052	3,304,659	1,190,673

*SOURCE - PRIOR YEAR AUDIT REPORTS

AMITE COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

All Governmental Funds

Last Four Years

	2010	2009*	2008*	2007*
Revenues:				
Local sources	\$ 2,953,262	2,758,343	2,646,692	2,249,200
State sources	5,324,509	5,839,806	6,157,708	5,983,599
Federal sources	3,951,542	2,820,285	3,079,342	3,496,132
Sixteenth section sources	2,667,295	1,612,644	2,035,326	1,483,782
Total Revenues	14,896,608	13,031,078	13,919,068	13,212,713
Expenditures:				
Instruction	6,943,753	6,200,663	6,536,217	6,463,291
Support services	4,715,599	4,631,022	4,486,762	4,478,227
Noninstructional services	756,782	729,294	686,701	670,235
Sixteenth section	48,491	129,271	79,573	114,287
Facilities acquisition and construction	2,100,554	109,083	125,129	24,037
Debt service:				
Principal	41,000	39,500	37,500	35,500
Interest	75,154	44,904	67,749	97,855
Total Expenditures	14,681,333	11,883,737	12,019,631	11,883,432
Excess (Deficiency) of Revenues over Expenditures	215,275	1,147,341	1,899,437	1,329,281
Other Financing Sources (Uses):				
Insurance loss recoveries	371,626	11,280	1,480	6,880
Sale of transportation equipment	1,500		2,588	1,000
Sale of other property				2,015
Operating transfers in	891,587	3,794,615	2,828,811	2,055,065
Operating transfers out	(891,587)	(3,794,615)	(2,828,811)	(2,055,065)
Other financing uses			(23,820)	205
Total Other Financing Sources (Uses)	373,126	11,280	(19,752)	10,100
Net Change in Fund Balances	588,401	1,158,621	1,879,685	1,339,381
Fund Balances:				
July 1,	13,231,398	12,076,179	10,171,713	8,842,494
Prior period adjustments		(1,328)	25,735	(15,534)
July 1, as restated	13,231,398	12,074,851	10,197,448	8,826,960
Increase (Decrease) in reserve for inventory	(7,099)	(2,074)	(954)	5,372
June 30,	\$ 13,812,700	13,231,398	12,076,179	10,171,713

*SOURCE - PRIOR YEAR AUDIT REPORTS

INTERNAL CONTROL AND COMPLIANCE REPORTS

FORTENBERRY & BALLARD, PC
Certified Public Accountants

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

Superintendent and School Board
Amite County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Amite County School District as of and for the year ended June 30, 2010, which collectively comprise the Amite County School District's basic financial statements and have issued our report thereon dated December 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting [Finding 2010-1]. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

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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*.

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
December 28, 2010

Certified Public Accountants

FORTENBERRY & BALLARD, PC
Certified Public Accountants

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

Superintendent and School Board
Amite County School District

Compliance

We have audited the compliance of the Amite County School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The school district's major federal programs are identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contract and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

In our opinion, the Amite County School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control

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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 the 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 the school board and management, others within the entity, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 28, 2010

Certified Public Accountants

FORTENBERRY & BALLARD, PC
Certified Public Accountants

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

Superintendent and School Board
Amite County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amite County School District as of and for the year ended June 30, 2010, which collectively comprise Amite County School District's basic financial statements and have issued our report thereon dated December 28, 2010. 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 \$771 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.

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FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 28, 2010

Certified Public Accountants

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AND AUDITEE'S CORRECTIVE ACTION PLAN**

Amite County School District

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section 1: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

4. Type of auditor's report issued on compliance for major federal programs: Unqualified.
5. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported.
6. Any audit findings reported as required by Section __.510(a) of OMB Circular A-133? No.
7. Federal programs identified as major programs:
 - a. ARRA - State Fiscal Stabilization Fund
CFDA 84.394
 - b. Reading First
CFDA 84.357
 - c. Special Education Cluster:
CFDA 84.027
CFDA 84.173
CFDA 84.392
CFDA 84.391
 - d. Title I cluster:
CFDA 84.010, 84.389
8. The dollar threshold used to distinguish between Type A and Type B programs was:

\$300,000.

9. Auditee qualified as a low-risk auditee? No.
10. Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? No.

Section 2: Findings Relating to the Financial Statements

The results of our tests disclosed the following finding related to the financial statements that is required to be reported by *Government Auditing Standards*.

Significant Deficiency

2010-1 Finding

Sound internal control dictates that the individual responsible for recording transactions should not be the same individual responsible for reviewing the related accounts. The Business Manager is responsible for recording transactions through the journal entry process, but with no proper independent review. When there is no independent review of the journal entry task, proper oversight is not being achieved.

Recommendation:

Duties should be separated so that the Business Manager is not the only person involved in the journal entry recording processes. Someone other than the Business Manager should be responsible for reviewing the journal entries so that proper oversight of the recording function is achieved.

Section 3: Findings and Questioned Costs for Federal Awards

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

Amite County School District
PO Box 378
Liberty, MS 39645
Deborah B. Hopf - Superintendent
Sherie Jones - Business Manager

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section __.315(b) of OMB Circular A-133, the Amite County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2010:

Finding	Corrective Action Plan Details
2010-1	<p>a. Name of Contact Person Responsible for Corrective Action:</p> <p style="padding-left: 40px;">Name: Sherie Jones Title: Business Manager Phone Number: 601-657-4361</p> <p>b. Corrective Action Planned:</p> <p style="padding-left: 40px;">Journal entries will be reviewed by someone other than the business manager on a regular basis so that proper oversight is achieved.</p> <p>c. Anticipated Completion Date:</p> <p style="padding-left: 40px;">June 30, 2011</p>