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**Audited Financial Statements**  
**June 30, 2006**

**J.E. Fortenberry, III, PC**  
Certified Public Accountant

FINANCIAL AUDIT REPORT

**Moss Point School District  
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INDEPENDENT AUDITOR'S REPORT  
ON THE BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY  
INFORMATION AND SUPPLEMENTAL INFORMATION

**J.E. FORTENBERRY, III, PC**  
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL  
STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY  
INFORMATION AND SUPPLEMENTARY INFORMATION

Superintendent and School Board  
Moss Point School District

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Moss Point School District as of and for the year ended June 30, 2006, which collectively comprise the Moss Point School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Moss Point School District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinions.

In my 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 Moss Point School District, as of June 30, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 1, 2007 on my consideration of the Moss Point School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis on pages 8 through 15 and the Budgetary Comparison Schedules and corresponding notes on pages 39 through 43 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I 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, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Moss Point 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



J.E. Fortenberry, III, PC  
February 1, 2007

Certified Public Accountant

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**MOSS POINT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006**

The discussion and analysis of Moss Point School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2006. 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**

- General revenues accounts for \$29,838,337, or 69% of all revenues. The general revenues for 2005 consisted of \$23,748,853, or 77% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$13,710,321, 31% of total revenues compared to \$7,231,472 or 23% in 2005.
- The district had \$36,124,213 in expenditures, an amount that increased when compared with the \$30,361,895 in expenditures for the prior year; only \$13,710,321 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of \$29,838,337 were adequate to provide for these programs.
- Among major funds, the General Fund had \$25,610,844 in revenues and \$22,268,094 in expenditures. In 2005 the General Fund had \$24,177,595 in revenues and \$22,250,243 in expenditures. The General Fund's fund balance decreased \$543,498 from the prior year.
- Capital assets, net of accumulated depreciation, decreased by \$341,206.
- Long-term debt increased by \$899,846.

**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 and other expenses on long-term liabilities.

The government-wide financial statements can be found on pages 17 and 18 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 20 and 22, respectively.

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts*. Information is presented separately in the governmental fund balance sheet and in the governmental fund state-

ment of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental fund financial statements can be found on pages 19 and 21 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The school district's fiduciary activities are presented in separate Statements of Fiduciary Net Assets on page 23.

**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 on pages 25 through 37 of this report.

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

The District adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found on pages 39 through 41 of this report.

Additionally, a schedule of federal awards, required by OMB Cir. A-133 and a schedule of instructional, administrative, and other expenditures for governmental funds can be found on pages 45 and 46 of this report.

## **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 \$24,937,117 as of June 30, 2006.

A large portion of the District's net assets (39%) reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending.

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.

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>	<u>Percentage Change</u>
<b>Assets</b>			
Current assets	\$ 21,222,678	8,497,921	149.7%
Capital assets, net	<u>10,840,610</u>	<u>11,181,816</u>	-3.1%
<b>Total assets</b>	32,063,288	19,679,737	62.9%
<b>Liabilities</b>			
Current liabilities	5,749,030	1,692,496	239.7%
Long-term liabilities	<u>1,377,141</u>	<u>477,295</u>	188.5%
<b>Total liabilities</b>	7,126,171	2,169,791	228.4%
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	9,749,997	10,921,948	-10.7%
Restricted	1,248,558	3,219,601	-61.2%
Unrestricted	<u>13,938,562</u>	<u>3,368,397</u>	313.8%
<b>Total Net Assets</b>	\$ 24,937,117	17,509,946	42.4%

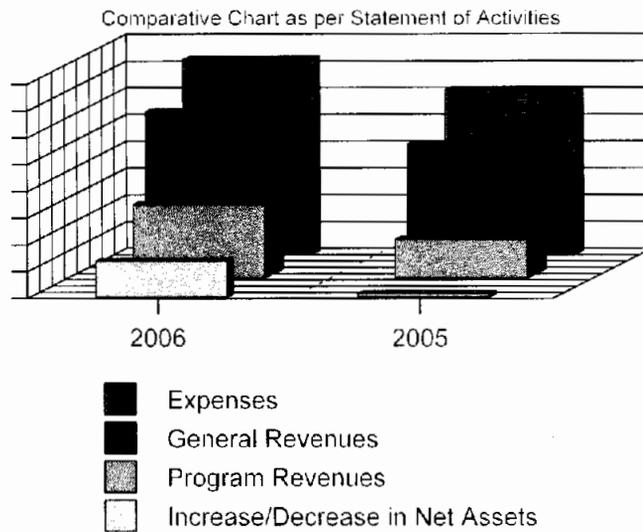
The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- The addition of long-term debt principal in the amount of \$1,090,613

**Changes in net assets.** The District's total revenues for the fiscal year ended June 30, 2006 were \$43,548,658. The total cost of all programs and services was \$36,124,213. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2006, and 2005, respectively.

	<u>2006</u>	<u>2005</u>	<u>Percentage Change</u>
<b>Revenues</b>			
<b><u>Program Revenues</u></b>			
Charges for services	\$ 613,592	611,719	0.3%
Operating Grants and Contributions	12,917,979	6,413,636	101.4%
Capital Grants and Contributions	<u>178,750</u>	<u>206,117</u>	-13.3%
<b>Total Program Revenues</b>	13,710,321	7,231,472	89.6%
<b><u>General Revenues</u></b>			
Property Taxes	7,263,628	7,350,059	-1.2%
Unrestricted Grants and Contributions	17,179,823	16,190,253	6.1%
Unrestricted Investment Earnings	209,581	106,136	97.5%
Sixteenth Section Sources	22,984	12,341	86.2%

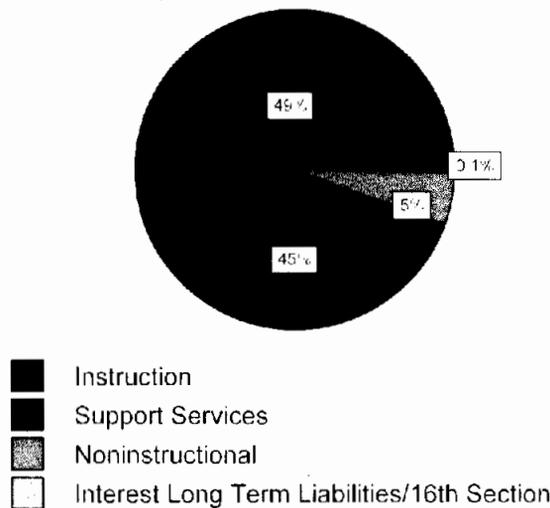
Other	<u>5,162,321</u>	<u>90,064</u>	5631.8%
Total General Revenues	<u>29,838,337</u>	<u>23,748,853</u>	25.6%
<b>Total revenues</b>	<b><u>43,548,658</u></b>	<b><u>30,980,325</u></b>	40.6%
<b>Expenses</b>			
Instruction	17,837,328	16,013,542	11.4%
Support services	16,346,234	12,289,887	33.0%
Non-instructional	1,933,047	2,040,453	-5.3%
Interest on long-term liabilities	<u>7,604</u>	<u>18,013</u>	-57.8%
<b>Total expenses</b>	<b><u>36,124,213</u></b>	<b><u>30,361,895</u></b>	19.0%
Increase (Decrease) in net assets	<u>7,424,445</u>	<u>618,430</u>	1100.5%
Net Assets, July 1	17,509,946	16,891,516	3.7%
Prior Period Adjustment	<u>2,726</u>	<u>0</u>	
Net Assets, June 30	<b><u>\$ 24,937,117</u></b>	<b><u>17,509,946</u></b>	42.4%



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

	2006	2005	2006 Net (Expense) Revenue	2005 Net (Expense) Revenue
	Expenses	Expenses	Revenue	Revenue
Instruction	\$ 17,837,328	16,013,542	(7,692,100)	(13,520,003)
Support Services	16,346,234	12,289,887	(15,611,127)	(11,497,607)
Non-Instructional	1,933,047	2,040,453	896,939	1,905,200
Interest on Long-Term Liabilities	7,604	18,013	(7,604)	(18,013)
\$	36,124,213	30,361,895	(22,413,892)	(23,130,423)

Expenses as per Statement of Activities



## 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 \$15,473,648, a increase of \$8,607,237. \$15,076,183 or 97.43% of the fund balance constitutes unreserved and undesignated fund balance. Although fund balances for activity funds, grant/project funds, capital project funds and debt service funds are classified as unreserved funds on the governmental funds Balance Sheet, these funds are not all available for spending at the district's discretion. Federal project and other grant funds received must be used to meet

specific objectives as set forth in the grant application. The remaining fund balance of \$397,465 or 2.57% is reserved or designated to indicate that it is not available for spending because it has already been committed.

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 \$543,498. The fund balance of Other Governmental Funds showed an increase of \$201,238.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the annual operating budget. Historical data, tentative allocations of state and federal funds, legislative mandates, and anticipated needs are used to determine original budget amounts.

The District's original budget was prepared with the district's goals and long range commitments in mind, using historical data, tentative allocations or estimates of state and federal funds, legislative mandates, staffing studies, and current and anticipated needs. Over the course of the year, the District revised the annual operating budget as changes occurred.

Budget amounts for revenue from local, state and federal sources in the General Fund were increased primarily due to the final Adequate Education allocation, which was budgeted originally at an amount less than the tentative allocation as recommended by the Mississippi Department of Education as a safeguard for possible state funding cuts mid-year.

Budget amounts for expenditures were amended as funding sources/amounts changed. In FY 06 increases were made for higher costs of bus fuel and utilities and the continuation of district-wide facility improvement projects.

At the time the original budget was prepared only estimates were available for federal funding. Typically original budgets are prepared using prior year allocation as estimates. Once federal awards were known, budgets were amended to the actual grant award amount.

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

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2006, the District's total capital assets were \$20,093,628, including land, school buildings, buses, other school vehicles, furniture and equipment, and construction in progress. This amount represents an increase of \$28,068 from the previous year. Total accumulated depreciation as of June 30, 2006 was \$9,253,018 and total depreciation expense for the year was \$550,036, resulting in total net capital assets of \$10,840,610.

	Capital Assets, Net of Depreciation		Percentage
	2006	2005	Change
Land	\$ 479,587	479,587	0.0%
Buildings	9,139,981	9,448,656	-3.3%
Improvements other than buildings	156,731	137,274	14.2%
Mobile equipment	710,036	797,272	-10.9%
Furniture and equipment	354,275	319,027	11.0%
	<u>\$ 10,840,610</u>	<u>11,181,816</u>	<u>-3.1%</u>

Additional information of the District's capital assets can be found in Note 5 on page 33 of this report.

**Debt Administration.** At June 30, 2006, the District had \$1,090,613 of outstanding debt, of which none is due within one year.

			Percentage
	2006	2005	Change
Shortfall notes payable	\$ 0	259,867	-100.0%
Community Disaster Loan	1,090,613	0	100.0%
Compensated absences	286,528	217,427	31.8%
	<u>\$1,377,141</u>	<u>477,294</u>	<u>188.5%</u>

Additional information of the District's long-term debt can be found in Note 6 on page 34 of this report.

## CURRENT ISSUES

The Moss Point School District is financially sound. The Monthly Attendance Record submitted to the Mississippi Department of Education for Month 6, FY 06, shows enrollment to be 3,417 students, Month 6, FY 05 enrollment was 3,821 students. The District is proud of its community support of the public schools.

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

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Finance Office of the Moss Point School District, 4924 Church Street, Moss Point, MS 39563-2645 .

FINANCIAL STATEMENTS

**MOSS POINT SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2006**

	<u>Governmental Activities</u>
<b>ASSETS AND OTHER DEBITS</b>	
Assets:	
<i>Cash and other deposits</i>	\$ 14,294,622
<i>Due from other governments</i>	5,686,180
<i>Other receivables, net</i>	1,090,613
<i>Inventories and prepaid items</i>	144,375
<i>Restricted assets</i>	6,888
<i>Capital assets, not being depreciated</i>	
<i>Land</i>	479,587
<i>Capital assets, net of accumulated depreciation</i>	
<i>Buildings</i>	9,139,981
<i>Improvements other than buildings</i>	156,731
<i>Mobile equipment</i>	710,036
<i>Furniture and equipment</i>	354,275
Total Assets	<u>32,063,288</u>
Liabilities	
<i>Accounts payable and accrued liabilities</i>	4,169,397
<i>Due to other governments</i>	1,463,550
<i>Deferred revenue</i>	116,083
Long-term liabilities (due within one year):	
<i>Non-capital related liabilities</i>	14,326
Long-term liabilities (due beyond one year)	
Capital related liabilities	1,090,613
Non-capital related liabilities	272,202
Total Liabilities	<u>7,126,171</u>
<b>NET ASSETS</b>	
Invested in Capital Assets	9,749,997
Restricted For:	
School Based Activities	988,098
Forestry Improvements	482
Unemployment Benefits	253,090
Nonexpendable	
Sixteenth Section	6,888
Unrestricted	13,938,562
<b>Total Net Assets</b>	<b><u>\$ 24,937,117</u></b>

The accompanying notes are an integral part of this statement.

**MOSS POINT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2006**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental Activities:					Governmental Activities
<i>Instruction</i>	17,837,328	420,841	9,545,637	178,750	(7,692,100)
<i>Support services</i>	16,346,234	--	735,107	--	(15,611,127)
<i>Noninstructional services</i>	1,933,047	192,751	2,637,235	--	896,939
<i>Interest on long-term liabilities</i>	7,604	--	--	--	(7,604)
Total Primary Government	<u>\$ 36,124,213</u>	<u>\$ 613,592</u>	<u>\$ 12,917,979</u>	<u>\$ 178,750</u>	<u>(22,413,892)</u>
General Revenues:					
Taxes:					
<i>General purpose levies</i>					7,263,628
Unrestricted grants and contributions:					
<i>State</i>					17,085,095
<i>Federal</i>					94,728
<i>Unrestricted investment earnings</i>					209,581
<i>Sixteenth section sources</i>					22,984
<i>Other</i>					5,162,321
Total general revenues					<u>29,838,337</u>
Change in Net Assets					7,424,445
Net Assets - Beginning					17,509,946
Prior Period Adjustment					2,726
Net Assets - Ending					<u>\$ 24,937,117</u>

The accompanying notes are an integral part of this statement.

**MOSS POINT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2006**

	General Fund	Displaced Students Fund	Restart School Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
<i>Cash and cash equivalents</i>	\$ 1,605,071	\$ --	\$ --	\$ 11,101,450	\$ 1,594,989	\$ 14,301,510
<i>Due from other governments</i>	1,111,821	1,116,934	2,715,934	--	596,191	5,540,880
<i>Other receivables, net</i>	1,090,613	--	--	--	--	1,090,613
<i>Due from other funds</i>	145,300	--	--	--	--	145,300
<i>Inventories and prepaid items</i>	55,517	--	--	--	88,858	144,375
<b>Total Assets</b>	<b>\$ 4,008,322</b>	<b>\$ 1,116,934</b>	<b>\$ 2,715,934</b>	<b>\$ 11,101,450</b>	<b>\$ 2,280,038</b>	<b>\$ 21,222,678</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
<i>Accounts payable and accrued liabilities</i>	\$ 571,011	\$ 809,273	\$ 2,713,880	\$ 1,425	\$ 73,808	\$ 4,169,397
<i>Due to other funds</i>	791,287	307,661	2,054	--	362,548	1,463,550
<i>Deferred revenue</i>	--	--	--	--	116,083	116,083
<b>Total Liabilities</b>	<b>1,362,298</b>	<b>1,116,934</b>	<b>2,715,934</b>	<b>1,425</b>	<b>552,439</b>	<b>5,749,030</b>
<b>Fund balances:</b>						
<b>Reserved for:</b>						
<i>Inventory</i>	55,517	--	--	--	88,858	144,375
<i>Unemployment Benefits</i>	--	--	--	--	253,090	253,090
<b>Unreserved, undesignated, reported in:</b>						
<i>General fund</i>	2,590,507	--	--	--	--	2,590,507
<i>Capital projects</i>	--	--	--	11,100,025	--	11,100,025
<i>Special Revenue funds</i>	--	--	--	--	1,378,763	1,378,763
<i>Permanent fund</i>	--	--	--	--	6,888	6,888
<b>Total Fund Balances</b>	<b>2,646,024</b>	<b>--</b>	<b>--</b>	<b>11,100,025</b>	<b>1,727,599</b>	<b>15,473,648</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,008,322</b>	<b>\$ 1,116,934</b>	<b>\$ 2,715,934</b>	<b>\$ 11,101,450</b>	<b>\$ 2,280,038</b>	<b>\$ 21,222,678</b>

The accompanying notes are an integral part of this statement.

**MOSS POINT SCHOOL DISTRICT**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2006*

Total fund balances - governmental funds balance sheet	\$ 15,473,648
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	10,840,610
The assets and liabilities of certain internal service funds are included in governmental activities in the SNA.	(14,326)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(272,202)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	<u>(1,090,613)</u>
Net assets of governmental activities - statement of net assets	\$ <u>24,937,117</u>

The accompanying notes are an integral part of this statement.

**MOSS POINT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	General Fund	Displaced Students Fund	Restart School Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenue:</b>						
Local sources	\$ 7,524,178	\$ --	\$ --	\$ --	\$ 581,266	\$ 8,105,444
State sources	17,145,693	--	--	--	680,443	17,826,136
Federal sources	940,973	3,468,400	3,241,363	--	4,799,680	12,450,416
Sixteenth section sources	--	--	--	--	22,984	22,984
Total revenues	<u>25,610,844</u>	<u>3,468,400</u>	<u>3,241,363</u>	<u>--</u>	<u>6,084,373</u>	<u>38,404,980</u>
<b>Expenditures:</b>						
Instruction	10,470,413	2,810,166	1,456,754	--	2,949,559	17,686,892
Support services	11,724,021	590,234	1,733,366	20,568	2,122,818	16,191,007
Noninstructional services	73,660	--	16,576	--	1,731,824	1,822,060
Facilities acquisition and construction	--	--	34,667	29,935	--	64,602
Debt service:						
Principal	--	--	--	--	259,868	259,868
Interest	--	--	--	--	7,604	7,604
Total expenditures	<u>22,268,094</u>	<u>3,400,400</u>	<u>3,241,363</u>	<u>50,503</u>	<u>7,071,673</u>	<u>36,032,033</u>
Excess (deficiency) of revenues (over) expenditures	3,342,750	68,000	--	(50,503)	(987,300)	2,372,947
<b>Other financing sources (uses):</b>						
Proceeds of loans	1,090,613	--	--	--	--	1,090,613
Insurance loss recoveries	5,143,677	--	--	--	--	5,143,677
Operating transfers in	4,307,665	--	--	9,000,000	1,576,959	14,884,624
Operating transfers out	(14,428,203)	(68,000)	--	--	(388,421)	(14,884,624)
Other financing uses	--	--	--	--	--	--
Total other financing sources (uses)	<u>(3,886,248)</u>	<u>(68,000)</u>	<u>--</u>	<u>9,000,000</u>	<u>1,188,538</u>	<u>6,234,290</u>
Net change in fund balance	(543,498)	--	--	8,949,497	201,238	8,607,237
<b>Fund Balances:</b>						
July 1, 2005	3,184,453	--	--	2,150,528	1,470,444	6,805,425
Prior period adjustments	--	--	--	--	2,726	2,726
July 1, 2005 as restated	3,184,453	--	--	2,150,528	1,473,170	6,808,151
Increase (decrease) in reserve for inventory	5,069	--	--	--	53,191	58,260
<b>June 30, 2006</b>	<b>\$ 2,646,024</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 11,100,025</b>	<b>\$ 1,727,599</b>	<b>\$ 15,473,648</b>

The accompanying notes are an integral part of this statement.

**MOSS POINT SCHOOL DISTRICT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds	\$ 8,607,237
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
The depreciation of capital assets used in governmental activities is not reported in the funds.	(550,036)
Capital outlays are not reported as expenses in the SOA	236,759
Capital assets gain or loss on disposition of assets	(27,929)
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	259,868
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	(1,090,613)
Increase or decrease in reserve for inventory directly affects FB, but is adjusted through expenses in the SOA	58,260
Compensated absences reported as amount earned in SOA but as amount paid in funds	(69,101)
Change in net assets of governmental activities - statement of activities	<u>\$ 7,424,445</u>

The accompanying notes are an integral part of this statement.

**MOSS POINT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2006**

ASSETS	<u>Agency Funds</u>
<b>Assets:</b>	
<i>Cash and other deposits</i>	\$ 1,110,419
<i>Due from other funds</i>	1,341,261
<b>Total Assets</b>	<b><u>\$ 2,451,680</u></b>
<b>LIABILITIES</b>	
<b>Liabilities:</b>	
<i>Accounts Payable &amp; Accrued Liabilities</i>	\$ 2,343,899
<i>Due to student clubs</i>	84,770
<i>Due to other funds</i>	23,011
<b>Total Liabilities</b>	<b><u>\$ 2,451,680</u></b>

The accompanying notes are an integral part of this statement.

**Moss Point School District**

Notes to the Financial Statements  
June 30, 2006

## **Moss Point School District**

Notes to Financial Statements  
For the Year Ended June 30, 2006

### **(1) Summary of Significant Accounting Policies.**

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

#### **A. Financial Reporting Entity.**

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the school district's governing board. As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five member board which each member was elected by the citizens of the City of Moss Point.

#### **B. Basis of Presentation.**

The school district's basic financial statement consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

##### ***Government-wide Financial Statements***

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

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

##### ***Fund Financial Statements:***

## **Moss Point School District**

Notes to Financial Statements  
For the Year Ended June 30, 2006

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

### **C. Measurement Focus and Basis of Accounting.**

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

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

The school district reports the following major governmental funds:

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

**Displaced Student Fund** - This fund is used to assist in meeting the educational needs of students displaced by Hurricanes Katrina and Rita, and to help schools that were closed as a result of the hurricanes to reopen as quickly and effectively as possible.

**Restart School Grant** - This fund is used to provide assistance or services to local educational agencies and non public schools to help defray the expenses related to the restart of operations in, the reopening of, and the re-enrollment of students that serve in which a major disaster has been declared related to Hurricanes Katrina and Rita.

## Moss Point School District

Notes to Financial Statements  
For the Year Ended June 30, 2006

**Other Capital Project Funds** - This fund accounts for the funds transferred from the General Fund and the expenditures associated with the renovation and construction of school facilities.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of **Exhibit C**.

Additionally the school district reports the following fund types:

### GOVERNMENTAL FUNDS

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

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

**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 result of operations.

#### D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting* as issued in 2005 by the Government Finance Officers Association and are consistent with the broad classifications recommended in the *Financial Accounting for Local and State School Systems, 1990* issued by the U.S. Department of Education.

#### E. Encumbrances.

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

#### F. Cash and Cash Equivalents.

The school district deposits excess funds in the financial institutions selected by the school board. State statutes specify how these depositories are to be selected.

## **Moss Point School District**

Notes to Financial Statements  
For the Year Ended June 30, 2006

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

### **G. Investments.**

The school district is allowed, by statute, to invest excess fund, as permitted by Section 29-3-113 Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the type 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 a maturity of greater than twelve months when acquired. Investments are reported at fair value.

### **H. Inventories and Prepaid Items.**

Donated inventories 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 cost of governmental fund type inventories are reported as expenditures when purchased.

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

### **I. Capital Assets.**

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

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

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital assets accounts) and estimated useful lives of capital assets are reported in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. The following scale details those thresholds.

**Moss Point School District**

Notes to Financial Statements  
For the Year Ended June 30, 2006

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

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

J. Long-term liabilities.

Long-term liabilities are the unmatured principal of bonds, warrants, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments. In the government-wide Statement of Net Assets, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column. See **Note (6)** for details.

K. Interfund Transactions and Balances.

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

Short-term (due within one year) interfund receivables are reported as "due from other funds" and are considered available expendable resources.

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

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See **Note 4** for details for interfund transactions, including receivables and payables at year-end.

L. Equity Classifications.

***Government-Wide Financial Statements:***

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

## **Moss Point School District**

### Notes to Financial Statements For the Year Ended June 30, 2006

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

#### ***Fund Financial Statements:***

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

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

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

#### **M. Property Taxes.**

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

#### **N. Mississippi Adequate Education Program Revenues.**

Revenues from the adequate education program are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the state of Mississippi.

## Moss Point School District

Notes to Financial Statements  
For the Year Ended June 30, 2006

### O. Compensated Absences.

Employees of the school district accumulate sick leave at a minimum amount as required by state law or at a greater amount provided by school district policy. Some employees are allowed personal 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 long-term liabilities in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the compensated absence liability payable from expendable available financial resources only if the payable has matured, for example, an employee retires.

### (2) Changes in Accounting Standards.

As required, the Moss Point School District has implemented Government Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* for the current fiscal year. This Statement requires governments to evaluate major events effecting capital assets to determine whether they are impaired. Such events include physical damage, changes in legal or environmental factors technology changes or obsolescence, changes in the manner or duration of use and construction stoppage. Appropriate note disclosures have been incorporated to comply with the requirements of this standard.

### (3) 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 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 Depository Insurance Corporation.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$14,301,510 and \$1,110,419, respectively. The carrying amount of deposits reported in the government-wide financial

**Moss Point School District**

Notes to Financial Statements  
For the Year Ended June 30, 2006

statements was: cash and cash equivalents - \$14,294,622 and restricted assets - \$6,888. The restricted assets represent the cash balance 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. The bank balance was \$12,492,966.

*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, 2006, none of the district's bank balance of \$12,492,966 was exposed to custodial credit risk.

(4) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds

	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General Fund	\$145,300	\$791,287
Displaced Students Fund	0	307,661
Restart School Fund	0	2,054
Other Governmental Funds	0	362,548
Fiduciary Funds:	<u>1,341,261</u>	<u>23,011</u>
Total Funds	\$1,486,561	\$1,486,561

The purpose of the Due From/To other funds balances was to eliminate deficit cash balances. All balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 4,307,665	\$ 14,428,203
Displaced Students Fund	0	68,000
Capital Project Fund	9,000,000	0
Other Governmental Funds	<u>1,576,959</u>	<u>388,421</u>
Total Funds	\$ 14,884,624	\$14,884,624

The purpose of the transfers was to reimburse federal administrative costs, to move indirect cost to operating account, for construction uses, etc. All transfers were routine and consistent with the fund making the transfer.

**Moss Point School District**

Notes to Financial Statements  
For the Year Ended June 30, 2006

(5) Capital Assets.

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

	Balance 7-01-2005	Additions	Retirements	Balance 6-30-2006
<u>Non-depreciable capital assets:</u>				
Land	\$ 479,587			479,587
Total non-depreciable capital assets	<u>479,587</u>	<u>0</u>	<u>0</u>	<u>479,587</u>
<u>Depreciable capital assets:</u>				
Buildings	15,433,754			15,433,754
Improvements other than buildings	197,569	28,500		226,069
Mobile equipment	2,065,783	23,375	11,331	2,077,827
Furniture and equipment	1,888,867	184,884	197,360	1,876,391
Total depreciable capital assets	<u>19,585,973</u>	<u>236,759</u>	<u>208,691</u>	<u>19,614,041</u>
<u>Less accumulated depreciation for:</u>				
Buildings	5,985,098	308,675		6,293,773
Improvements other than buildings	60,295	9,043		69,338
Mobile equipment	1,268,511	109,478	10,198	1,367,791
Furniture and equipment	1,569,840	122,840	170,564	1,522,116
Total accumulated depreciation	<u>8,883,744</u>	<u>550,036</u>	<u>180,762</u>	<u>9,253,018</u>
Total depreciable capital assets, net	<u>10,702,229</u>	<u>(313,277)</u>	<u>27,929</u>	<u>10,361,023</u>
Governmental activities capital assets, net	<u>\$ 11,181,816</u>	<u>(313,277)</u>	<u>27,929</u>	<u>10,840,610</u>

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$ 359,266
Support Services	155,227
Non-instructional	<u>35,543</u>
<b>Total depreciation expense</b>	<b><u>\$ 550,036</u></b>

(6) Long-term liabilities.

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

	Balance 7-1-2005	Additions	Principal Payments	Balance 6-30-2006	Amounts due within one year
A. Shortfall notes payable	259,868		259,868	0	
B. Community Disaster Loan	0	1,090,613		1,090,613	
C. Compensated absences payable	217,427	69,101		286,528	14,326
Total	<u>\$ 477,295</u>	<u>1,159,714</u>	<u>259,868</u>	<u>1,377,141</u>	<u>14,326</u>

**Moss Point School District**

Notes to Financial Statements  
For the Year Ended June 30, 2006

A. Shortfall notes payable.

Debt currently outstanding are as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Revenue Shortfall note, series 2003	3.25%	06/03	06/06	\$755,257	\$0

This debt was retired from the shortfall notes retirement fund during the year.

B. Community Disaster Loan

Debt currently outstanding are as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Community Disaster Loan	3.0%	05/06	05/11	\$1,090,613	\$1,090,613

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>
2007	\$ 0	32,898	32,898
2008	0	32,898	32,898
2009	0	32,898	32,898
2010	0	32,898	32,898
2011	1,090,613	32,898	1,123,511
<b>Total</b>	<b>\$ 1,090,613</b>	<b>164,490</b>	<b>1,255,103</b>

This debt will be retired from the shortfall notes retirement fund.

Pursuant to HR 2206 - Public Law 110-28, FEMA may allow forgiveness of Community Disaster Loans, in Presidentially declared disaster areas on a case by case basis.

C. Compensated Absences.

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

**Moss Point School District**

Notes to Financial Statements  
For the Year Ended June 30, 2006

(7) Defined Benefit Pension Plan.

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 392-01 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 rate for fiscal year ending June 30, 2006 was 10.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2006, 2005, and 2004 were \$1,801,066, \$1,699,779, and \$1,601,346, respectively, which equaled the required contributions for each year.

(8) 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	
<u>June 30,</u>	<u>Amount</u>
2007	\$ 5,170
2008	5,170
2009	5,170
2010	5,170

**Moss Point School District**

Notes to Financial Statements  
For the Year Ended June 30, 2006

2011	4,770
2012-2016	23,850
2017-2021	23,850
2022-2026	23,850
2027-2031	23,850
2032-2037	23,850
2038-2039	<u>9,540</u>
Total	<u>\$154,240</u>

(9) Risk Management.

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

Participation in Public Entity Risk Pool.

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 119 school districts and covers risks of loss arising from injuries to the school district's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by BancorpSouth Bank in Jackson. The funds in the trust account are used to pay any claim up to \$500,000. For a claim exceeding \$500,000, MSBAWCT has insurance which will pay the excess up to \$25,000,000. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

(10) Subsequent events.

On August 15, 2005, Moss Point School District submitted a loan application in the amount of \$2,500,000 to the State Department of Education. The Qualified Zone Academy Bonds will supply funds for the much needed renovation at Moss Point High School. A tentative budget has been prepared for the renovating, repairing, and equipping of the school buildings

**Moss Point School District**

Notes to Financial Statements  
For the Year Ended June 30, 2006

and related facilities. The District must repay its QZAB in one lump sum in 10 years. To assist in the repayment, the District will make annual deposits into an investment vehicle to earn interest.

(11) 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>
Adjust 2005 deferred revenue	\$ 2,726
Total	<u>\$ 2,726</u>

Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances

<u>Major Funds</u>	<u>Explanation(s)</u>	<u>Amount</u>
Other governmental funds	Adjust 2005 deferred revenue	\$ 2,726
	Total	<u>\$ 2,726</u>

REQUIRED SUPPLEMENTARY INFORMATION

**MOSS POINT SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2006

Exhibit I

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 7,586,091	7,706,913	7,524,178	120,822	(182,735)
State sources	17,098,993	17,098,993	17,145,693	-	46,700
Federal sources	135,500	981,744	940,973	846,244	(40,771)
<b>Total Revenues</b>	<b>24,820,584</b>	<b>25,787,650</b>	<b>25,610,844</b>	<b>967,066</b>	<b>(176,806)</b>
<b>Expenditures:</b>					
Instruction	13,902,992	15,148,311	10,470,413	(1,245,319)	4,677,898
Support services	9,815,197	15,220,342	11,724,021	(5,405,145)	3,496,321
Noninstructional services		68,591	73,660	(68,591)	(5,069)
<b>Total Expenditures</b>	<b>23,718,189</b>	<b>30,437,244</b>	<b>22,268,094</b>	<b>(6,719,055)</b>	<b>8,169,150</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,102,395</b>	<b>(4,649,594)</b>	<b>3,342,750</b>	<b>(5,751,989)</b>	<b>7,992,344</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds of loans	-	-	1,090,613	-	1,090,613
Insurance Loss Recoveries	5,000	5,138,453	5,143,677	5,133,453	5,224
Indirect Costs	45,630	45,630	-	-	(45,630)
Transfers In	3,292,166	13,539,604	4,307,665	10,247,438	(9,231,939)
Transfers out	(4,383,987)	(14,715,508)	(14,428,203)	(10,331,521)	287,305
<b>Total Other Financing Sources (Uses)</b>	<b>(1,041,191)</b>	<b>4,008,179</b>	<b>(3,886,248)</b>	<b>5,049,370</b>	<b>(7,894,427)</b>
<b>Net Change in Fund Balances</b>	<b>61,204</b>	<b>(641,415)</b>	<b>(543,498)</b>	<b>(702,619)</b>	<b>97,917</b>
<b>Fund Balances:</b>					
July 1, 2005	2,045,250	2,045,250	3,184,453	-	1,139,203
Increase (decrease) in reserve for inventory	-	-	5,069	-	5,069
<b>June 30, 2006</b>	<b>\$ 2,106,454</b>	<b>1,403,835</b>	<b>2,646,024</b>	<b>(702,619)</b>	<b>1,242,189</b>

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

**MOSS POINT SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Displaced Students Funds  
 For the Year Ended June 30, 2006

Exhibit 2

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ -	5,209,985	3,468,400	5,209,985	(1,741,585)
Total Revenues	-	5,209,985	3,468,400	5,209,985	(1,741,585)
Expenditures:					
Instruction	-	4,517,594	2,810,166	(4,517,594)	1,707,428
Support services	-	590,234	590,234	(590,234)	-
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Total Expenditures	-	5,107,828	3,400,400	(5,107,828)	1,707,428
Excess (Deficiency) of Revenues Over Expenditures	-	102,157	68,000	102,157	(34,157)
Other Financing Sources (Uses):					
Operating Transfers out	-	(102,157)	(68,000)	(102,157)	34,157
Total Other Financing Sources (Uses)	-	(102,157)	(68,000)	(102,157)	34,157
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2005	-	-	-	-	-
June 30, 2006	\$ -	-	-	-	-

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

**MOSS POINT SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Restart School Fund  
 For the Year Ended June 30, 2006

Exhibit 3

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ -	3,248,592	3,241,363	3,248,592	(7,229)
<b>Total Revenues</b>	<u>-</u>	<u>3,248,592</u>	<u>3,241,363</u>	<u>3,248,592</u>	<u>(7,229)</u>
<b>Expenditures:</b>					
Instruction	-	1,463,983	1,456,754	(1,463,983)	7,229
Support services	-	1,733,366	1,733,366	(1,733,366)	-
Noninstructional services	-	16,576	16,576	(16,576)	-
Facilities acquisition and construction	-	34,667	34,667	(34,667)	-
<b>Total Expenditures</b>	<u>-</u>	<u>3,248,592</u>	<u>3,241,363</u>	<u>(3,248,592)</u>	<u>7,229</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers out	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
July 1, 2005	-	-	-	-	-
<b>June 30, 2006</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

## **Moss Point School District**

### **Notes to the Required Supplementary Information For the Year Ended June 30, 2006**

#### **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

**Moss Point School District**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2006

**Schedule 1**

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>		
Passed-through the Mississippi Department of Education:		
Non-cash assistance:		
Food Donation	10.550	\$134,323
Child Nutrition Cluster:		
School Breakfast Program	10.553	310,270
National School Lunch Program	10.555	962,442
Summer Food Service Program for Children	10.559	37,922
Total child nutrition cluster		<u>1,310,634</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE		<u>1,444,957</u>
<b><u>U. S. DEPARTMENT OF DEFENSE</u></b>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	<u>58,032</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>		
Direct Program:		
Public Safety Partnership Community Policing Grant	16.710	<u>49,276</u>
<b><u>FEDERAL COMMUNICATION COMMISSION</u></b>		
Administered through the Universal Service Administrative Company		
The schools and Libraries Program of the Universal Service Fund	32.xxx	<u>94,728</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>		
Passed-through the Mississippi Department of Education:		
National Security Language Initiative	19.xxx	927
Title I Grants to Local Educational Agencies	84.010	1,190,492
Vocational Education - Basic Grant to States	84.048	56,462
Safe and Drug Free Schools and Communities - National Programs	84.184	13,900
Safe and Drug Free Schools and Communities - State Grants	84.186	37,829
21st Century Community Learning Centers	84.287	144,675
State Grants for Innovative Programs	84.298	13,587
Education Technology State Grants	84.318	21,244
Improving Teacher Quality - State Grants	84.367	516,416
Hurricane Education Recovery	84.938	7,101,707
Special Education Cluster:		
Special Education - Grants to States	84.027	823,351
Special Education - Preschool Grants	84.173	34,535
Total special education cluster		<u>857,886</u>
Total passed-through the MDE		<u>9,097,239</u>
TOTAL U. S. DEPARTMENT OF EDUCATION		<u>9,955,125</u>
<b><u>U. S. DEPARTMENT OF HOMELAND SECURITY</u></b>		
Direct Program:		
Community Disaster Loans	97.030	1,090,613
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	846,244
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY		<u>1,936,857</u>
<b>TOTAL FOR ALL FEDERAL AWARDS</b>		<u><u>\$13,538,975</u></u>

**Notes to 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.

**Moss Point School District**  
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
 For the Year Ended June 30, 2006

Expenditures	Total	Instruction and Other Instructional	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 22,392,402	16,602,783	1,011,724	1,695,552	3,082,343
Other	13,639,631	4,940,771	387,899	33,887	8,277,074
<b>Total</b>	<b>\$ 36,032,033</b>	<b>21,543,554</b>	<b>1,399,623</b>	<b>1,729,439</b>	<b>11,359,417</b>

Total number of students \* 3,380

Cost per student \$ 10,660 6,374 414 512 3,361

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

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

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

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

includes 100 and 200 range object codes on the "Salaries and fringe benefits" line; all other expenditures on the "Other" line

**INTERNAL CONTROL AND COMPLIANCE REPORTS**

**J.E. FORTENBERRY, III, PC**  
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORT-  
ING 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  
Moss Point School District

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Moss Point School District as of and for the year ended June 30, 2006, which collectively comprise Moss Point School District's basic financial statements and have issued my report thereon dated February 1, 2007. I conducted my 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 my audit, I considered the school district's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I did not note any matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests did not disclose any instances of noncompliance that are required to be reported under Government Auditing Standards.

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



J.E. Fortenberry, III, PC  
February 1, 2007

Certified Public Accountant

## J.E. FORTENBERRY, III, PC

Certified Public Accountant

### 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  
Moss Point School District

#### Compliance

I have audited the compliance of the Moss Point School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. 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. My responsibility is to express an opinion on the school district's compliance based on my audit.

I conducted my 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 I 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 I considered necessary in the circumstances. I believe my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the school district's compliance with those requirements.

In my opinion, the Moss Point School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

#### Internal Control Over Compliance

The management of the Moss Point 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 my audit, I considered the school district's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control

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components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulation, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I did not note any matters involving internal control over compliance and its operation that I consider to be material weaknesses.

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



J.E. Fortenberry, III, PC  
February 1, 2007

Certified Public Accountant

**J.E. FORTENBERRY, III, PC**  
Certified Public Accountant

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

Superintendent and School Board  
Moss Point School District

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Moss Point School District as of and for the year ended June 30, 2006, which collectively comprise Moss Point School District's basic financial statements and have issued my report thereon dated February 1, 2007. I conducted my 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), 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, I 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 my audit and, accordingly, I do not express such an opinion.

The results of my procedures 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 \$38,412.10 classroom supply funds carried over from previous years.

The results of procedures performed to test compliance with certain other state laws and regulations and my audit of the financial statements disclosed no instances of noncompliance with other state laws and regulations.

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



J.E. Fortenberry, III, PC  
February 1, 2007

Certified Public Accountant

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Moss Point School District**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006

**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:
  - (1) Material weaknesses identified? No.
  - (2) Reportable conditions identified that are not considered to be material weaknesses? No.

**Federal Awards:**

4. Type of auditor's report issued on compliance for major federal programs: unqualified.
5. Internal control over major programs:
  - a. Material weaknesses identified? No.
  - b. Reportable conditions identified that are not considered to be material weaknesses? No.
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. Child Nutrition Cluster:  
CFDA# 10.553  
CFDA# 10.555  
CFDA# 10.559
  - b. Title I Grants to Local Educational Agencies.  
CFDA# 84.010
  - c. Special Education Cluster:  
CFDA# 84.027  
CFDA# 84.173
  - d. Improving Teacher Quality  
CFDA# 84.367

- e. Hurricane Education Recovery  
CFDA# 84.938
  - f. Disaster Grant - Public Assistance  
CFDA# 97.036
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? Yes.
  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: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

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

**AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Moss Point School District**  
4924 Church Street  
Moss Point, MS 39563-2645

**Rachel Carpenter, Ph.D. - Superintendent**  
**David Rubinstein - Chief Financial Officer**

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As required by Section \_\_.315(b) of OMB Circular A-133, the Moss Point School District has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2006:

Finding Status

2005-1      Corrected