



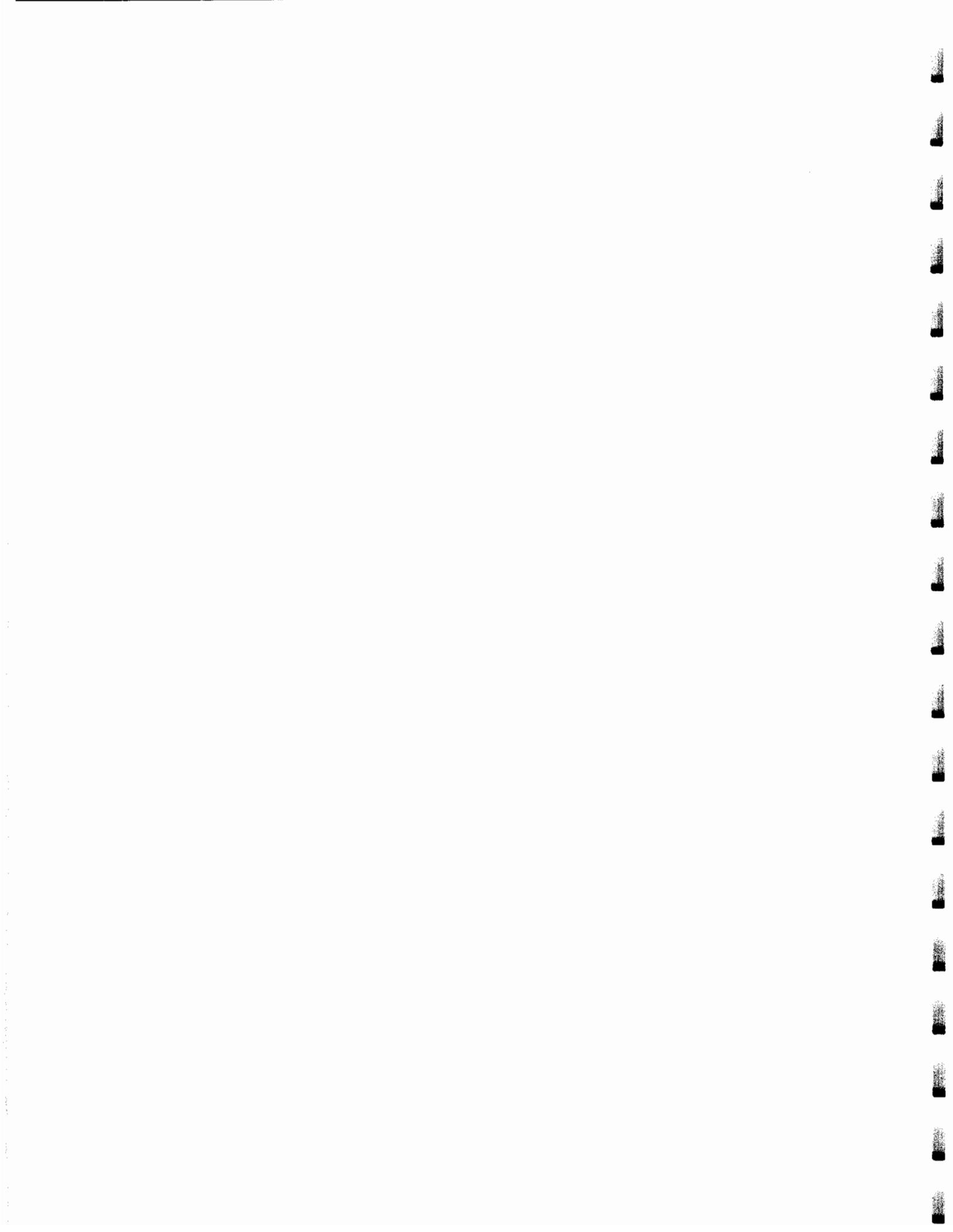
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NORTH PANOLA SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006



**NORTH PANOLA SCHOOL DISTRICT
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NORTH PANOLA SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

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WILLIAMS • PITTS • BEARD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

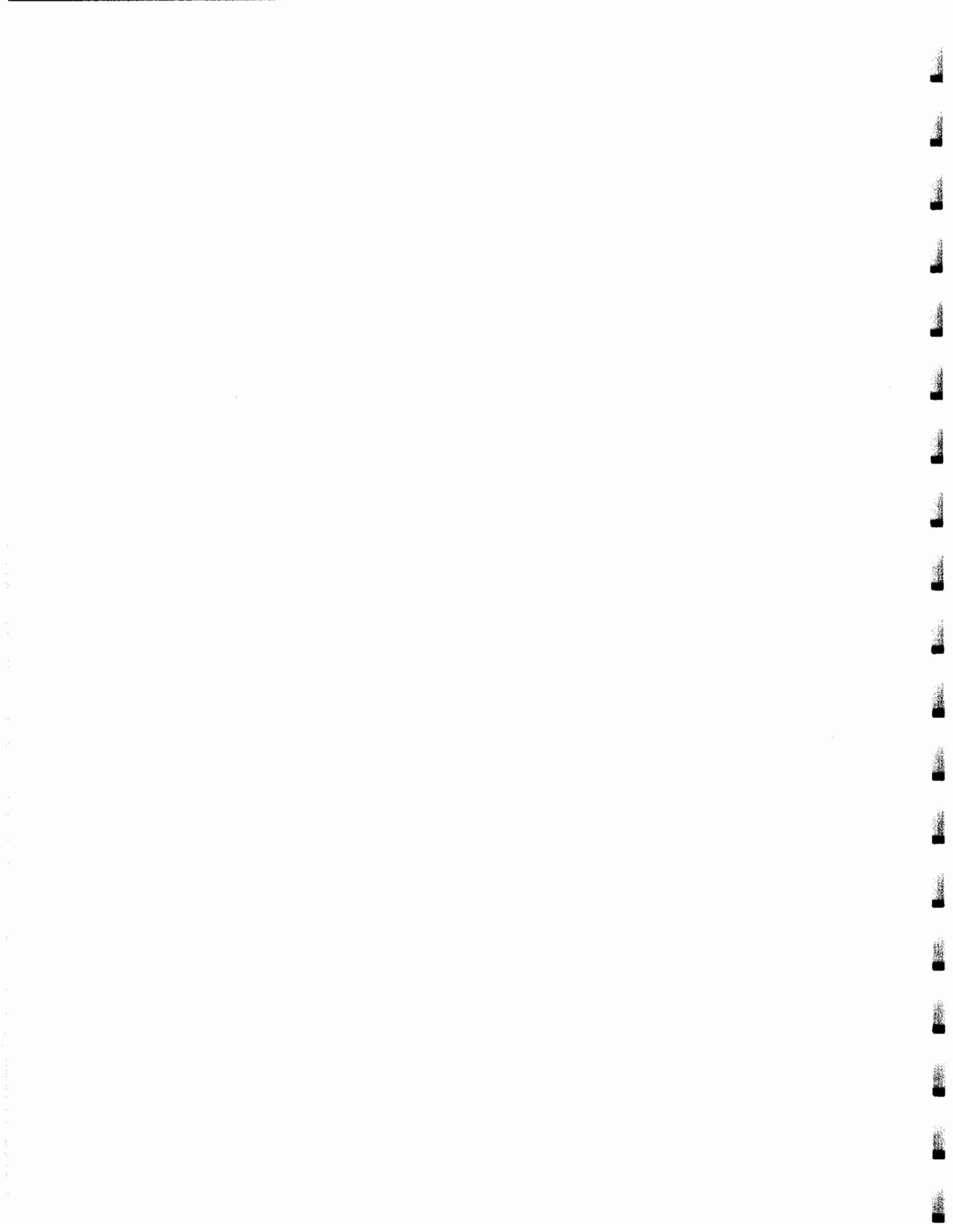
Superintendent and School Board
North Panola School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Panola School District as of and for the year ended June 30, 2006, which collectively comprise the North Panola School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the North Panola 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 North Panola 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*, we have also issued our report dated December 08, 2006, on our consideration of the North Panola School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The Management's Discussion and Analysis on pages 5 through 12 and the Budgetary Comparison Schedule and corresponding notes on pages 35 through 36 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

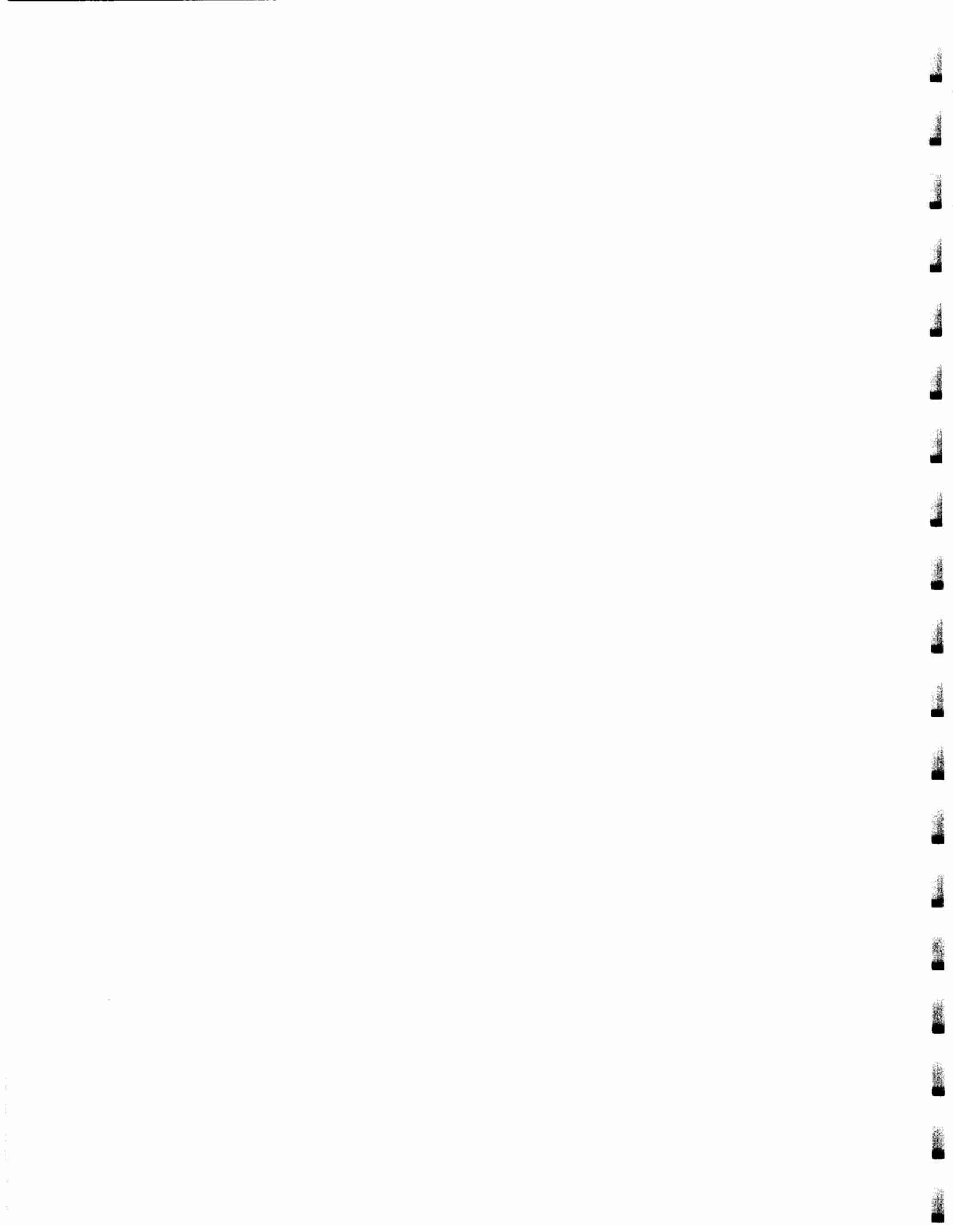
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Panola School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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 the 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.

Williams, Pitts & Beard, PLLC

Williams, Pitts & Beard, PLLC

Certified Public Accountants

December 8, 2006



NORTH PANOLA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**NORTH PANOLA SCHOOL DISTRICT
Management's Discussion and Analysis
For The Year Ended June 30, 2006**

The discussion and analysis of North Panola 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.

This discussion and analysis is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

FINANCIAL HIGHLIGHTS

- Total net assets increased \$767,758 which represents a 16% increase from fiscal year 2005.
- General revenues account for \$10,793,588 in revenue, or 70% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,553,943 or 30% of total revenues.
- The District had \$14,580,738 in expenses; only \$4,553,943 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$10,793,588 were more than adequate to provide for the balance of these expenses.
- Among major funds, the General Fund had \$10,355,396 in revenues and \$9,997,758 in expenditures. The General Fund's fund balance increased \$411,108 from the prior year. The increase in fund balance was the result of several factors. County millage rate was increased to generate more revenue, and the district received more state revenues, as allocated through MAEP during fiscal year 2006.
- Capital assets, net of accumulated depreciation, decreased by \$144,685. The decrease in capital assets is mainly due to the deletion of items valued less than \$500 as prescribed by the office of the State Auditor, and depreciation of assets.
- Long-term debt decreased by \$408,210. This decrease is a result of regularly scheduled debt service payments.

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.

**NORTH PANOLA SCHOOL DISTRICT
Management's Discussion and Analysis
For The Year Ended June 30, 2006**

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.

The government-wide financial statements can be found on pages 14 – 15 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 financing 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 17 and 19, respectively.

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.

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 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.

The basic governmental fund financial statements can be found on pages 16 – 19 of this report.

**NORTH PANOLA SCHOOL DISTRICT
Management's Discussion and Analysis
For The Year Ended June 30, 2006**

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 20.

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 21 – 33 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 for and major fund which is a Special Revenue fund. This required supplemental information can be found on page 34 of this report.

Additionally, a schedule of expenditures of federal awards is required by OMB Cir. A-133 and can be found on page 38 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 \$5,479,949 as of June 30, 2006.

By far the largest portion of the District's net assets (64%) reflects its unrestricted fund balance which is primarily cash and investments.

The District's financial position is a product of several financial transactions including the net result of activities, the 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. Current assets increased by \$767,758 primarily due to an increase in cash and investments from tax proceeds.

NORTH PANOLA SCHOOL DISTRICT
Management's Discussion and Analysis
For The Year Ended June 30, 2006

	<u>2006</u>	<u>2005</u>
Assets:		
Current assets	\$ 5,073,870	\$ 4,604,933
Non-current assets	37,053	44,111
Capital assets, net	4,833,196	4,977,881
Total assets	<u>9,944,119</u>	<u>9,626,925</u>
Liabilities:		
Current liabilities	\$ 719,470	\$ 753,678
Long-term liabilities	3,744,700	4,161,056
Total liabilities	<u>4,464,170</u>	<u>4,914,734</u>
Net assets:		
Invested in capital assets, net of related debt	743,972	493,575
Restricted	1,213,163	788,347
Unrestricted	3,522,814	3,430,269
Total net assets	<u>\$ 5,479,949</u>	<u>\$ 4,712,191</u>

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

- The principal retirement of \$408,210 in long term debt and the decrease of capital assets net of related debt by \$144,685.

Changes in net assets. The District's total revenues for the fiscal year ended June 20, 2006 were \$15,347,531. The total cost of all programs and services was \$14,580,738. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2006 and 2005.

	<u>Change in Net Assets</u>		<u>Percentage</u>
	<u>2006</u>	<u>2005</u>	<u>Change</u>
Revenues:			
Program revenues			
Charges for services	\$ 158,342	\$ 143,126	10.6%
Operating grants and contributions	4,395,601	3,553,406	23.7%
General revenues			
Property taxes	2,886,924	2,676,459	7.9%
Grants and contributions not restricted	7,819,718	7,992,941	-2.2%
Other	86,946	89,228	-2.6%
Total revenues	<u>\$ 15,347,531</u>	<u>\$ 14,455,160</u>	6.2%
Expenses:			
Instruction	\$ 8,107,139	\$ 7,828,708	3.6%
Support services	5,292,748	4,796,933	10.3%
Non-instructional	994,378	968,159	2.7%
Interest on long-term liabilities	186,473	218,452	-14.6%
Total expenses	<u>14,580,738</u>	<u>13,812,252</u>	5.6%
Increase in net assets	<u>\$ 766,793</u>	<u>\$ 642,908</u>	19.3%

NORTH PANOLA SCHOOL DISTRICT
Management's Discussion and Analysis
For The Year Ended June 30, 2006

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 financial burden that was placed on the State and District's taxpayers by each of these functions.

	2006		2005	
	Total	Net (Expense)	Total	Net (Expense)
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 8,107,139	\$ (6,086,774)	\$ 7,828,708	\$ (6,333,909)
Support services	5,292,748	(3,752,729)	4,796,933	(3,553,693)
Non-instructional	994,378	(819)	968,159	(9,666)
Interest on long-term liabilities	186,473	(186,473)	218,452	(218,452)
Total expenses	<u>\$ 14,580,738</u>	<u>\$ (10,026,795)</u>	<u>\$ 13,812,252</u>	<u>\$ (10,115,720)</u>

- In 2006, net cost of governmental activities (\$10,026,795), was financed by general revenue, which is made up primarily of property taxes of \$2,886,924 and state revenue of \$7,684,295. In 2005, property taxes were \$2,676,459 and state revenue \$7,757,755. Investment earnings accounted for \$78,111 of funding in 2006 and \$38,535 in 2005.

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 \$4,801,093, an increase of \$513,064 due primarily to an increase in local and state revenues. \$4,243,918 or 88% of the fund balance constitutes unreserved and undesignated fund balance which is available for spending. The remaining fund balance of \$557,175 or 12% 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 increase in fund balance in the General Fund for the fiscal year was \$411,108, a result of an increase in local and state revenues. The fund balance of Other Governmental Funds showed an increase of \$101,956.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget.

- Budget amendments were made to increase expenditures for additional personnel and support services. Amendments were also made for new funds and carry-over funds in Federal Programs as well as grants awarded during the year.

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

**NORTH PANOLA SCHOOL DISTRICT
Management's Discussion and Analysis
For The Year Ended June 30, 2006**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2006, the District's total net capital assets were \$4,833,196, including school buildings, buses, other school vehicles and furniture and equipment. This amount represents a decrease of \$144,685 from the previous year. The decrease in capital assets is mainly due to the deletion of assets with values less than \$500, and depreciation of assets. Accumulated depreciation as of June 30, 2006 was \$5,960,559 and total depreciation expense for the year was \$234,367. Additional information on the District's capital assets can be found in Note 5 of this report.

Debt Administration. At June 30, 2006, the District had \$4,168,639 in general obligation bonds and other long-term debt outstanding, of which \$406,542 is due within one year. Debt service funds are adequate to cover the annual debt service for fiscal year 2007.

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

CURRENT ISSUES

The North Panola 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 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.

Latest enrollment figures indicate that student enrollment of the District will remain fairly close to current enrollment levels. However, should enrollment fluctuate considerably, the budget for the next fiscal year will be adjusted to take into account the impact of such fluctuation, both in terms of funding and staffing needs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the North Panola School District, P. O. Box 334, Sardis, MS 38666.

NORTH PANOLA SCHOOL DISTRICT
FINANCIAL STATEMENTS

Statement of Net Assets
June 30, 2006

	<u>Primary Government</u> <u>Government</u> <u>Activities</u>
ASSETS	
Cash and cash equivalents(Note 2)	\$ 4,341,349
Investment	9,124
Due from other governments	711,499
Inventories and prepaid items	11,898
Bond issue cost	37,053
Capital assets, not being depreciated	
Land	139,509
Capital assets, net of accumulated depreciation	
Buildings	3,144,473
Building improvements	936,762
Improvements other than buildings	5,249
Mobile equipment	85,076
Furniture and equipment	310,731
Leased property under capital lease	211,396
	<hr/>
Total assets	\$ 9,944,119
LIABILITIES	
Accounts payable and accrued liabilities	\$ 95,116
Due to other governments	-
Deferred revenue	165,331
Other payables	12,330
Interest payable on long-term debt	40,151
Long-term liabilities (due within one year) (Note 5)	
Capital - related liabilities	406,542
Long-term liabilities (due beyond one year) (Note 5)	
Capital - related liabilities	3,682,682
Bond discount	(17,397)
Non-capital liabilities	79,415
Total liabilities	<hr/> \$ 4,464,170 <hr/>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 743,972
Restricted net assets	
Expendable:	
School based activities	658,093
Debt service	513,954
Unemployment benefits	41,116
Unrestricted	3,522,814
	<hr/>
Total Net Assets	\$ 5,479,949

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

Statement of Activities
For the year ended June 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Primary Governmental Activities
Governmental Activities:					
Instruction	\$ 8,107,139	94,978	1,925,387	-	(6,086,774)
Support services	5,292,748		1,540,019	-	(3,752,729)
Noninstructional services	994,378	63,364	930,195		(819)
Interest and other expenses on long-term debt	186,473				(186,473)
Total governmental activities	\$ 14,580,738	158,342	4,395,601	-	(10,026,795)
General Revenues:					
Taxes:					
General purpose levies					2,640,883
Debt purpose levies					246,041
Unrestricted grants and contributions:					
State					7,684,295
Federal					53,548
Other					81,875
Unrestricted investment earnings					78,111
Other					8,835
Total general revenues					10,793,588
Changes in Net Assets					766,793
Net assets - Beginning					4,712,191
Prior period adjustments (Note 7)					965
Net Assets - Restated					4,713,156
Net Assets - Ending					\$ 5,479,949

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

Balance Sheet – Governmental Funds
June 30, 2006

	Major Fund		Total Governmental Funds
	General Fund	Other Governmental Funds	
ASSETS			
Cash and cash equivalents (Note 2)	\$ 3,162,732	\$ 1,178,617	\$ 4,341,349
Investments		9,124	9,124
Due from other governments	144,091	567,408	711,499
Due from other funds (Note 3)	249,854	103,440	353,294
Inventories and prepaid items		11,898	11,898
Total assets	<u>\$ 3,556,677</u>	<u>\$ 1,870,487</u>	<u>\$ 5,427,164</u>
LIABILITIES & FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 36,298	\$ 58,818	\$ 95,116
Due to other funds (Note 3)	87,428	265,866	353,294
Deferred revenue		165,331	165,331
Other payables		12,330	12,330
Total liabilities	<u>123,726</u>	<u>502,345</u>	<u>626,071</u>
Fund balances:			
Reserved for:			
Inventory	-	16,404	16,404
Debt service funds		499,655	499,655
Unemployment benefits		41,116	41,116
Unreserved, undesignated, reported in:			
General fund	3,432,951	-	3,432,951
Special revenue funds	-	641,689	641,689
Capital project funds	-	169,278	169,278
Debt service funds	-	-	-
Total fund balances	<u>3,432,951</u>	<u>1,368,142</u>	<u>4,801,093</u>

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

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2006

	<u>Amount</u>
Total Fund Balances - Government Funds	\$ 4,801,093
Amounts reported for governmental activities in the statement of net assets are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$5,960,559. (Note 4)	4,833,196
2. Other long-term assets (bond issue costs) are not available to pay for current expenditures and therefore are deferred in the funds. (Exh A)	37,053
3. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 5)	(4,168,639)
4. Interest payable on long-term liabilities is not reported on the governmental fund balance sheet. (Exh A)	(40,151)
5. Bond premiums, bond discounts and loss on redemption of bonds are reported as other financing sources and uses in the governmental funds but as a liability and contra-liability on the statement of net assets. (Exh A)	<u>17,397</u>
Total Net Assets	<u>\$ 5,479,949</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the year ended June 30, 2006

	Major Fund		Total Governmental Funds
	General Fund	Other Governmental Funds	
REVENUE			
Local sources	\$ 2,846,217	\$ 331,088	\$ 3,177,305
State sources	7,455,631	1,458,180	8,913,811
Federal sources	53,548	3,187,270	3,240,818
Total revenues	<u>10,355,396</u>	<u>4,976,538</u>	<u>15,331,934</u>
EXPENDITURES			
Instruction	6,231,600	1,750,407	7,982,007
Support services	3,766,158	1,516,785	5,282,943
Noninstructional services		982,837	982,837
Debt Service:			
Principal	-	395,082	395,082
Interest		175,588	175,588
Other		2,053	2,053
Total expenditures	<u>9,997,758</u>	<u>4,822,752</u>	<u>14,820,510</u>
Excess (deficiency) of revenues over expenditures	<u>357,638</u>	<u>153,786</u>	<u>511,424</u>
Other Financing Sources (Uses):			
Insurance loss recoveries	53,483		53,483
Operating transfers in		131,633	131,633
Operating transfers out	(13)	(131,620)	(131,633)
Other financing use	-	(37,835)	(37,835)
Total other financing sources and uses	<u>53,470</u>	<u>(37,822)</u>	<u>15,648</u>
Net change in fund balances	<u>411,108</u>	<u>115,964</u>	<u>527,072</u>
Fund balances:			
July 1, 2005, as previously reported	3,021,843	1,266,186	4,288,029
Prior period adj. & reclassifications		965	965
July 1, 2005, as restated	<u>3,021,843</u>	<u>1,267,151</u>	<u>4,288,994</u>
Increase (decrease) in reserve for inventory		(14,973)	(14,973)
June 30, 2006	<u>\$ 3,432,951</u>	<u>\$ 1,368,142</u>	<u>\$ 4,801,093</u>

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

***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, 2006***

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 527,072
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 \$89,734, the depreciation expense amounted to \$234,367, and book value of the asset retired was \$52. (Note 4)	(144,685)
2. Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	(10,372)
3. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Activities. (Note 5)	395,082
4. Decrease in the inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are decreased in the statement of activity.	(14,973)
5. 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	13,128
Accrued interest on bonds payable	<u>1,541</u>
Change in Net Assets of Governmental Activities	<u>\$ 766,793</u>

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

Statement of Fiduciary Net Assets – Agency Funds
June 30, 2006

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents (Note 2)	\$ 592,929
Total Assets	<u>\$ 592,929</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 580,089
Due to student clubs	<u>12,840</u>
Total Liabilities	<u>\$ 592,929</u>

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

NORTH PANOLA SCHOOL DISTRICT
Notes to Financial Statements
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 was elected by the citizens of each defined county district.

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

NORTH PANOLA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2006

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

The school district reports the following major governmental funds:

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

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

FUDICIARY 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.

NORTH PANOLA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2006

D. Account Classifications.

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

Cash and cash equivalents consist of amounts on deposits in demand accounts and certificates of deposit with maturities of 12 months or less. Cash and cash equivalents are valued at cost.

G. Investments.

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

For accounting purposes, certificates of deposit are classified as investments if they have a maturity greater than 12 months when acquired.

Investments are reported at fair value.

H. Inventories and Prepaid Items.

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis).

The costs of governmental fund type inventories are reported as expenditures when purchased.

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

NORTH PANOLA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2006

I. Capital Assets.

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

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

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

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

	Capitalization Policy
Land	\$ -
Buildings	50,000
Building improvements	25,000
Improvements other than buildings	25,000
Mobile equipment	5,000
Furniture and equipment	5,000
Leased property under capital leases	*

(*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 4 for details.

J. Long-term liabilities.

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

K. Interfund Transactions and Balances.

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

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

NORTH PANOLA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2006

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 3 for details for interfund transactions, including receivables and payables at year-end.

L. Equity Classifications.

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

Reserved for 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.

M. Property Taxes.

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

NORTH PANOLA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2006

N. Mississippi Adequate Education Program Revenues.

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

O. Compensated Absences.

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

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

2. Change in Accounting Standards.

As required, the North Panola 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 affecting 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 of duration of use and construction stoppage. Appropriate note disclosures have been incorporated to comply with 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 must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss.Code. (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.

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

NORTH PANOLA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2006

depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government or enumerated agency of the United States; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or interest in, and open-end or closed-end any management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration. 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. Amounts of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district’s deposits with financial institutions reported in the governmental funds and fiduciary funds was \$4,341,349 and \$592,930, respectively. The carrying amount of deposits reported in the government-wide statements was: Cash and cash equivalents \$4,341,349. The bank balance was \$6,968,243.

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 Treasure manages the 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 \$6,968,243 was exposed to custodial credit risk.

Investments.

As of June 30, 2006, the district had the following investments. Except for the investments in U.S. Treasury securities, investments are in an internal investment pool.

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Rating</u>
Money market funds (Treasury security)	less than 1	\$ 9,124	

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 17-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972) The district does not have a formal investment policy that would further limit its investments 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 possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2006, the district did not have any investments to which this would apply.

NORTH PANOLA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2006

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, 2006, the district had all of its investments in U.S. government and external investment pools.

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	\$ 87,428	\$ 249,854
Other governmental funds	<u>265,866</u>	<u>103,440</u>
Total Funds	<u>\$ 353,294</u>	<u>\$ 353,294</u>

“Due from’s” consist primarily of \$249,853 due to the general fund for covering year end expenditures in various funds and \$14,768 due to food service for the summer feeding program.

B. Transfers In/Out

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General fund	\$	\$ 13
Other governmental Funds	<u>131,633</u>	<u>131,620</u>
Total Funds	<u>\$ 131,633</u>	<u>\$ 131,633</u>

Transfers out consists primarily of \$131,620 transferred from Title I to Consolidated Cost Administrative Fund .

NORTH PANOLA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2006

5 Capital Assets.

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

	Balance 7-1-2005	Additions	Retirements	Adjustments	Balance 6-30-2006
Non-depreciable capital assets:					
Land	\$ 139,509	\$ -	\$ -	\$ -	\$ 139,509
Total non-depreciable capital assets	<u>139,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,509</u>
Depreciable capital assets:					
Buildings	7,415,572				7,415,572
Building improvements	1,301,058			-	1,301,058
Improvements other than buildings	26,246			-	26,246
Mobile equipment	452,282	30,294	5,205		477,371
Furniture and equipment	1,116,759	59,440	-	-	1,176,199
Leased property under capital leases	257,800	-			257,800
Total depreciable capital assets	<u>10,569,717</u>	<u>89,734</u>	<u>5,205</u>	<u>-</u>	<u>10,654,246</u>
Less accumulated depreciation for:					
Buildings	4,204,934	66,165			4,271,099
Building improvements	312,254	52,042		-	364,296
Improvements other than buildings	20,997			-	20,997
Mobile equipment	343,214	49,081	-		392,295
Furniture and equipment	826,744	43,877	5,153	-	865,468
Leased property under capital leases	23,202	23,202			46,404
Total accumulated depreciation	<u>5,731,345</u>	<u>234,367</u>	<u>5,153</u>	<u>-</u>	<u>5,960,559</u>
Total depreciable capital assets, net	<u>4,838,372</u>	<u>(144,633)</u>	<u>52</u>	<u>-</u>	<u>4,693,687</u>
Governmental activities capital assets, net	<u>\$ 4,977,881</u>	<u>\$ (144,633)</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ 4,833,196</u>

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$ 143,426
Support services	81,678
Non-instructional	<u>9,263</u>
Total depreciation expense	<u>\$ 234,367</u>

NORTH PANOLA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2006

6. Long-Term liabilities.

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

	Balance 7/1/2005	Additions	Reductions	Balance 6/30/2006	Amounts due within one year
A. General obligation bonds	\$ 1,455,000	\$ -	\$ 195,000	\$ 1,260,000	\$ 195,000
B. Limited obligation bonds payable	2,790,000		160,000	2,630,000	170,000
C. Obligations under capital leases	239,306	-	40,082	199,224	41,542
D. Compensated Absences Payable	92,543	-	13,128	79,415	-
Total	\$ 4,576,849	\$ -	\$ 408,210	\$ 4,168,639	\$ 406,542

A. General Obligation Bonds Payable.

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

	Rate	Date	Date	Issued	Outstanding
General Obligation Refunding Bonds Series 2004	1.75-3.12%	11/1/2004	10/1/2011	<u>\$ 1,455,000</u>	<u>\$ 1,260,000</u>

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

Year Ending June 30	Principal	Interest	Total
2007	\$ 195,000	31,634	226,634
2008	200,000	27,286	227,286
2009	205,000	22,372	227,372
2010	215,000	16,695	231,695
2011	220,000	10,331	230,331
2012	225,000	3,516	228,516
Total	\$ 1,260,000	111,834	1,371,834

The amount of bonded indebtedness that can be incurred by the school district is limited by state statute. Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in state statutes, have been met. As of June 30, 2006, the amount of outstanding bonded indebtedness equaled to 3% of property assessments as of October 1, 2004. This debt will be retired from the General Obligation Bond Retirement Fund.

NORTH PANOLA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2006

B. Limited Obligation Bonds Payable

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

Description	Rate	Date	Date	Issued	Outstanding
State Aid Capital Improvement Bonds Series 1998	Varies	6/16/1998	6/16/2018	\$ 3,350,000	\$ 2,630,000

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

Year Ending June 30	Principal	Interest	Total
2007	170,000	121,779	291,779
2008	175,000	113,109	288,109
2009	185,000	105,452	290,452
2010	195,000	97,312	292,312
2011	200,000	88,537	288,537
2012-2016	1,160,000	291,348	1,451,348
2017-2018	545,000	37,125	582,125
Total	2,630,000	854,662	3,484,662

The state aid capital improvement bonds are secured by an irrevocable pledge of certain revenues the district receives from the state of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1

through 37-151-7, Miss. Code Ann. (1972) The state aid capital improvement bonds are not included in the computation of the debt limit percentage. This debt will be retired from the MAEP Retirement Fund.

C. Obligations Under Capital Leases.

The school district has entered into a lease agreement that qualifies as a capital lease for accounting purposes. Leased property under this lease is composed of five buses.

The various options available to the lessee for this lease are as follows:

1. Prepayment Option
2. Purchase Option
3. Defeasance in Whole
4. Partial Defeasance

NORTH PANOLA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2006

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

Year Ending June 30	Principal	Interest	Total
2007	41,542	6,820	48,362
2008	43,056	5,307	48,363
2009	44,624	3,739	48,363
2010	46,249	2,113	48,362
2011	23,753	429	24,182
Total	199,224	18,408	217,632

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

D. Compensated absences payable.

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

7. Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and the North Panola School District is required to contribute at an actuarially determined rate. The current rate is 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 \$867,592, \$755,190, and \$694,609, respectively, which equaled the required contributions for each year.

8. Prior Period Adjustments/Exhibits.

A summary of significant fund equity adjustments is as follows:

NORTH PANOLA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2006

Exhibit B – Statement of Activities

Explanation	Amount
1. Adjustment for grant money not received	\$ (13)
2. Barksdale grant	978
Total	<u>\$ 965</u>

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

Major funds:	Explanation	Amount
Other Governmental Funds	Adjustment for grant money not received	\$ (13)
	Barksdale grant	978
	Total	<u>\$ 965</u>

9. Litigation.

The North Panola School District is subject to various legal proceedings in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be a material adverse effect on the combined financial statements as a result of the cases presently in progress.

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 Public Entity Workers' Compensation Trust (MPEWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust 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 MPEWCT contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any claim up to \$350,000. For a claim exceeding \$350,000, MPEWCT has insurance which will pay the excess up to \$1,000,000. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

NORTH PANOLA SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION

NORTH PANOLA SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 2,649,977	\$ 2,846,217	\$ 2,846,217	\$ 196,240	\$ -
State sources	7,444,473	7,455,631	7,455,631	11,158	-
Federal sources	21,000	53,548	53,548	32,548	-
Total Revenues	<u>10,115,450</u>	<u>10,355,396</u>	<u>10,355,396</u>	<u>239,946</u>	<u>-</u>
Expenditures:					
Instruction	6,319,841	6,231,600	6,231,600	88,241	-
Support services	3,748,974	3,766,158	3,766,158	(17,184)	-
Noninstructional services	-	-	-	-	-
Debt service	-	-	-	-	-
Total Expenditures	<u>10,068,815</u>	<u>9,997,758</u>	<u>9,997,758</u>	<u>71,057</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>46,635</u>	<u>357,638</u>	<u>357,638</u>	<u>311,003</u>	<u>-</u>
Other Financing Sources (Uses):					
Insurance loss recoveries	-	53,483	53,483	53,483	-
Operating transfers in	-	-	-	-	-
Other financing sources	70,000	-	-	(70,000)	-
Operating transfers out	(15,000)	(13)	(13)	14,987	-
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>53,470</u>	<u>53,470</u>	<u>(1,530)</u>	<u>-</u>
Net Change in Fund Balances	<u>101,635</u>	<u>411,108</u>	<u>411,108</u>	<u>309,473</u>	<u>-</u>
Fund Balances:					
July 1, 2005	3,021,843	2,933,359	3,021,843	(88,484)	88,484
July 1, 2005, as restated	<u>3,021,843</u>	<u>2,933,359</u>	<u>3,021,843</u>	<u>(88,484)</u>	<u>88,484</u>
Residual equity transfer in (out)				-	-
June 30, 2006	<u>\$ 3,123,478</u>	<u>\$ 3,344,467</u>	<u>\$ 3,432,951</u>	<u>\$ 220,989</u>	<u>\$ 88,484</u>

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

NORTH PANOLA 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 Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions.

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

SUPPLEMENTAL INFORMATION

NORTH PANOLA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Non-cash assistance:		
Food donation	10.550	\$ 45,608
Child nutrition cluster:		
National school breakfast program	10.553	241,980
National school lunch program	10.555	613,150
Summer food program	10.559	31,928
Total child nutrition cluster		<u>887,058</u>
Fresh fruits and vegetables	10.582	29,457
Total U.S. Department of Agriculture		<u>962,123</u>
 <u>U. S. Department of Defense</u>		
Direct program:		
Reserve Officers' Training Corps	12.XXX	<u>17,351</u>
 <u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	1,211,468
Vocational education - basic grants to states	84.048	27,801
Safe and drug-free schools and communities - state grants	84.186	56,088
Innovative education program strategies	84.298	14,692
Education technology state grants	84.318	29,858
Rural education	84.358	60,389
Improving teacher quality - state grants	84.367	254,080
Grants for state assessments and related activities	84.369	11,345
Hurricane education recovery	84.938	64,840
Total		<u>1,730,561</u>
Special education cluster:		
Special education-grants to states	84.027	479,118
Special education - preschool grants	84.173	20,298
Total		<u>499,416</u>
Total passed-through Mississippi Department of Education		<u>2,229,977</u>
Total U.S. Department of Education		<u>2,229,977</u>
Total for All Federal Awards		<u>\$ 3,209,451</u>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, for the financial statements.

NORTH PANOLA SCHOOL DISTRICT

**Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds
For the Year Ended June 30, 2006**

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 11,188,273	\$ 8,585,996	601,596	\$ 583,743	\$ 1,416,938
Other	<u>3,632,237</u>	<u>1,093,539</u>	<u>417,051</u>	<u>2,741</u>	<u>2,118,906</u>
Total	<u>\$ 14,820,510</u>	<u>\$ 9,679,535</u>	<u>1,018,647</u>	<u>\$ 586,484</u>	<u>\$ 3,535,844</u>
Total number of students	1,816	1,816	1,816	1,816	1,816
Cost per student	<u>\$ 8,161</u>	<u>\$ 5,331</u>	<u>\$ 560</u>	<u>\$ 323</u>	<u>\$ 1,947</u>

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

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

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

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NORTH PANOLA SCHOOL DISTRICT
REPORTS ON COMPLIANCE AND INTERNAL CONTROL

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WILLIAMS • PITTS • BEARD, PLLC
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
North Panola School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Panola School District as of and for the year ended June 30, 2006, which collectively comprise the North Panola School District's basic financial statements and have issued our report thereon dated December 08, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the school district's ability to initiate, record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the Schedule of Findings and Questioned Costs as Findings 06-1 and 06-2.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions referred to above are material weaknesses.

Continued...

Continued....

Compliance and Other Matters

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

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.

Williams, Pitts & Beard, PLLC

Williams, Pitts & Beard, PLLC
Certified Public Accountants
December 8, 2006



WILLIAMS • PITTS • BEARD, PLLC
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
North Panola School District

Compliance

We have audited the compliance of the North Panola 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 auditor's results section of the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the school district's compliance with those requirements.

In our opinion, North Panola 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.

Continued...

Continued...

Internal Control Over Compliance

The management of the North Panola 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 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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the school district's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the Schedule of Findings and Questioned Costs as Findings 06-3, 06-4, and 06-5.

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 noncompliance with applicable requirements of laws, regulations, 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described in the findings referred to above is a material weakness.

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.

Williams, Pitts & Beard, PLLC

Williams, Pitts & Beard, PLLC

Certified Public Accountants

December 8, 2006



WILLIAMS * PITTS * BEARD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
North Panola School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Panola School District as of and for the year ended June 30, 2006, which collectively comprise the North Panola School District's basic financial statements and have issued our report thereon dated December 08, 2006. 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), 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 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 \$5,301 of classroom supply funds carried over from previous years.

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

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

Williams, Pitts & Beard, PLLC

Williams, Pitts & Beard, PLLC
Certified Public Accountants
December 8, 2006

NORTH PANOLA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**NORTH PANOLA 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:
 - a. Material weakness(es) identified? No
 - b. Reportable condition(s) identified that are not considered to be material weaknesses? Yes

Federal Awards:

4. Type of auditor's report issued on compliance for major federal programs: Unqualified
5. Internal control over major programs:
 - a. Material weakness (es) identified? No
 - b. Reportable condition(s) identified that are not considered to be material weaknesses? Yes
6. Any audit finding(s) reported as required by section ____ .510(a) of Circular A-133? No
7. Federal programs identified as major programs:
 - a. Title I – grants to local education agencies
CFDA#84.010
 - b. Child nutrition cluster
CFDA#10.553, CFDA#10.555, CFDA#10.559
 - c. Special education cluster
CFDA #84.027
CFDA #84.173

**NORTH PANOLA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2006**

Federal Awards (Continued):

8. The dollar threshold used to distinguish between type A and type B programs: \$300,000
9. Auditee qualified as a low-risk auditee? No
10. Prior fiscal year audit prior finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section _____.315(b) of OMB Circular A-133? Yes

Section 2: Findings Related to the Financial Statements

Reportable Conditions not Considered to be Material Weaknesses

06-1 Finding

Eight checks from hourly employees were selected from the payroll expenditures test for the purpose of comparing the wages paid for each check to the actual timecard. Of the eight selected, 4 had exceptions. The exceptions ranged from writing time in without proper approval to one employee being paid for 4 hours that was not recorded on the time card.

Recommendation

The district should have the time cards reviewed by the bookkeeper and the principal for correctness before being sent to the payroll clerk.

06-2 Finding

School event receipt forms for several months were reviewed for correctness. The objective was to recalculate the total amount collected by multiplying the total number of tickets sold times the value of the tickets sold. This test could not be done because the majority of the School Event Receipt Forms had the beginning ticket but did not have the ending ticket, therefore the total number of tickets sold could not be determined.

Recommendation

The beginning and ending tickets need to be attached to each school event receipt form, to provide proof of the number of tickets sold.

**NORTH PANOLA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2006**

Section 3: Findings Related to Federal Awards

Material Weaknesses

None

Reportable Conditions Not Considered to be Material Weaknesses

06-3 Finding

Program:	Child Nutrition Cluster	CFDA #
	School Breakfast	10.553
	National School Lunch	10.555
	Summer Food Service Program For Children	10.559

Compliance Requirement: Program Income

Questioned Cost: This finding did not result in questioned costs.

Schools' daily sales recaps were examined for one month. The daily system recaps and total actual deposit amounts did not equal. All schools showed a net shortage or overage for the month. The net amount was over by \$246, but one school was over \$300 and another was short \$90.

Recommendation

The school district should correct problems with the software that is used to record the daily sales, arrange software training of employees, and institute controls to limit these errors.

06-4 Finding

		CFDA #
Program:	Title V Innovative Programs	84.298
	EHA Preschool	84.173
	FY02 Title I School Improvement	84.010

Compliance Requirement: Cash management

Questioned Cost: This finding did not result in questioned costs.

**NORTH PANOLA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2006**

A number of funds in the general ledger had cash balances from previous years.
The funds affected are as follows:

Fund 2330	Title V Innovative Programs	5,218
Fund 2620	EHA Preschool	3,918
Fund 2910	FY02 Title I School Improvement	3,984
		<u>13,120</u>

Most grants have time limits for expenditures of funds received.

Recommendation

The district should implement policies and procedures to ensure compliance with the cash management requirements for federal program funds.

06-5 Finding

Program: Title I Grants to Local Educational Agencies CFDA# 84.010

Compliance Requirement: Cash management

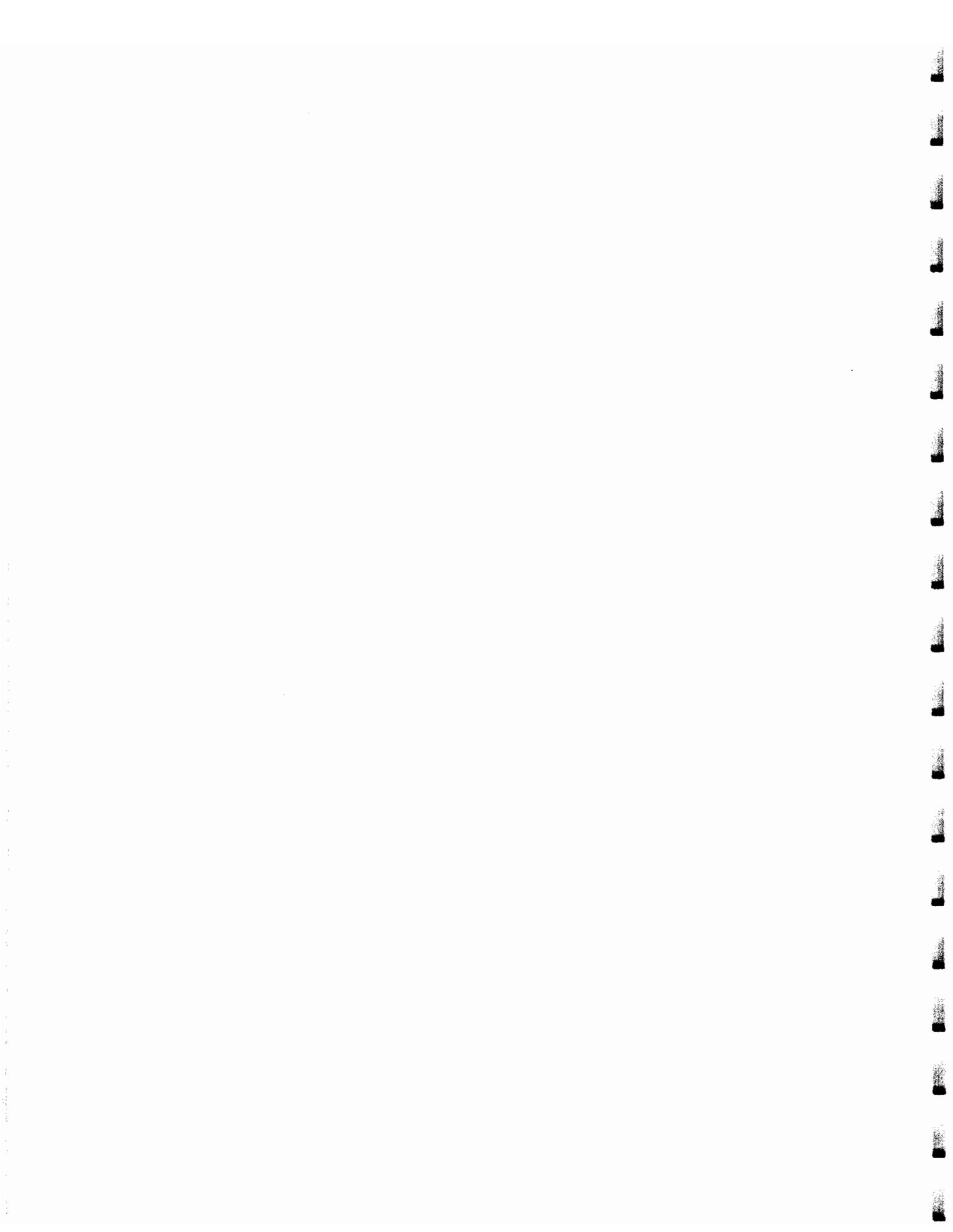
Questioned Cost: This finding did not result in questioned costs

The district requested funds in excess of immediate needs from the Mississippi Department of Education. Interest earned on those funds was not properly recorded and remitted to the state agency. This situation represents a weakness over the controls surrounding the cash management requirements of this federal program.

Recommendation

The district should implement policies and procedures to ensure compliance with the cash management requirements for federal program funds. The district should reduce requests by to remove the over requested amount.

AUDITEE'S CORRECTIVE ACTION PLAN





North Panola School District

470 U.S. Highway 51 North
Post Office Box 334
Sardis, Mississippi 38666

Glendora Dugger
Superintendent of Education

Phone: 662-487-2305
Fax: 662-487-2050
Email: gdugger@npanola.k12.ms.us

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section __.315(c) of OMB Circular A-133, the North Panola 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, 2006:

Finding Corrective Action Plan Details

06-1 a. Name of Contact Person Responsible for Corrective Action:

Name: Glendora Dugger
Title: Superintendent
Phone # : (662) 487 - 2305

b. Corrective Action Planned:

Time cards will be reviewed by both the school secretary and the principal for accuracy before submitting them to the payroll clerk for processing.

c. Anticipated Completion Date: January 31, 2007

06-2 a. Name of Contact Person Responsible for Corrective Action:

Name: Glendora Dugger
Title: Superintendent
Phone # : (662) 487 - 2305

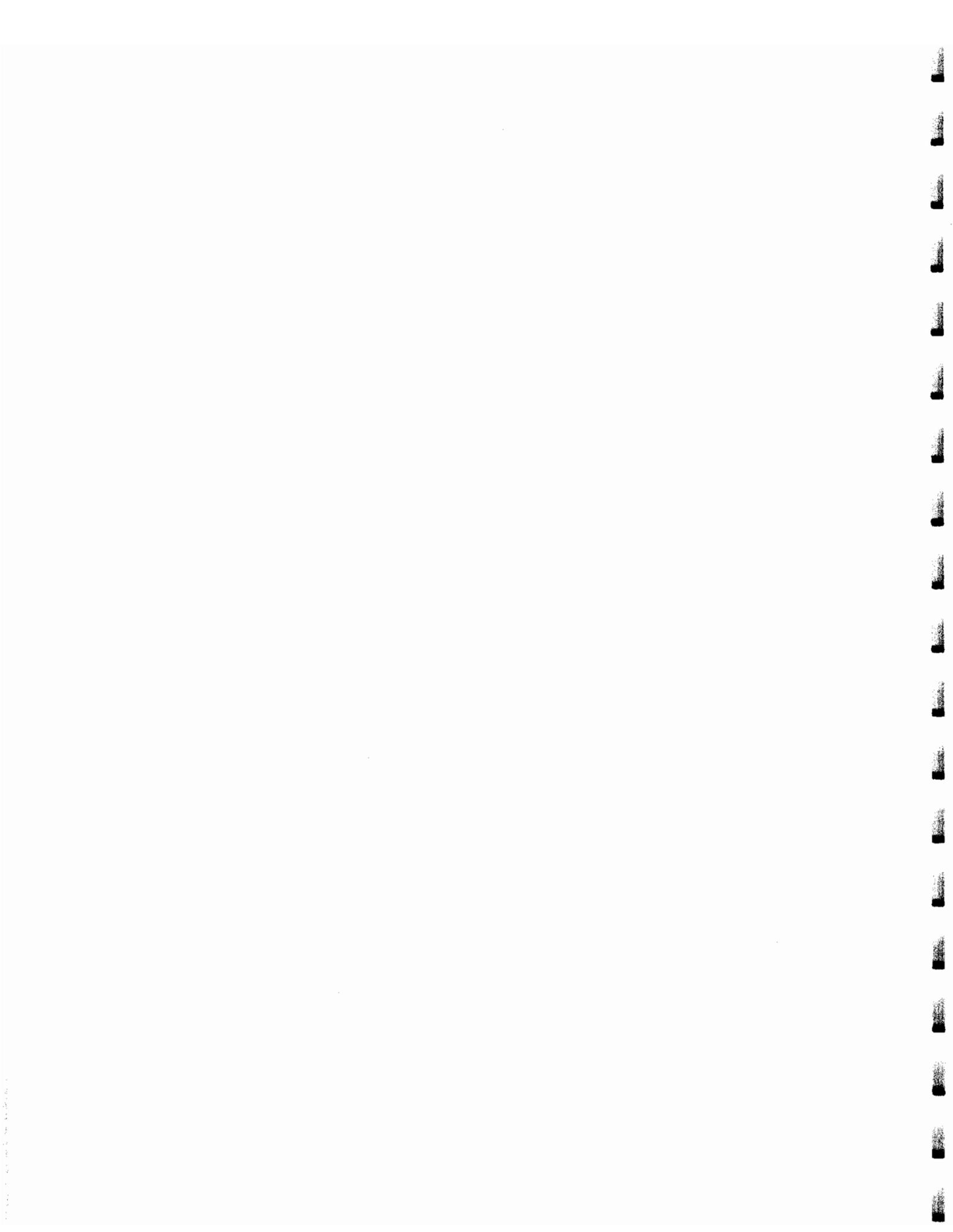
b. Corrective Action Planned:

School event receipt forms will include the beginning and ending tickets so the total number of tickets sold can be determined.

c. Anticipated Completion Date: January 31, 2007

06-3 a. Name of Contact Person Responsible for Corrective Action:

Name: Glendora Dugger
Title: Superintendent
Phone # : (662) 487 - 2305



b. Corrective Action Planned:

Food service employees will be trained on the software to limit the errors on the daily sales calculation.

c. Anticipated Completion Date: February 28, 2007

06-4 a. Name of Contact Person Responsible for Corrective Action:

Name: Glendora Dugger

Title: Superintendent

Phone #: (662) 487 - 2305

b. Corrective Action Planned:

Funds 2330 and 2620 are current funds, and they have balances as a result of procedures approved by the Mississippi Department of Education. Policies and procedures have been implemented to ensure compliance with the cash management requirement of federal program funds.

c. Anticipated Completion Date: January 12, 2007

06-5 a. Name of Contact Person Responsible for Corrective Action:

Name: Glendora Dugger

Title: Superintendent

Phone #: (662) 487 - 2305

b. Corrective Action Planned:

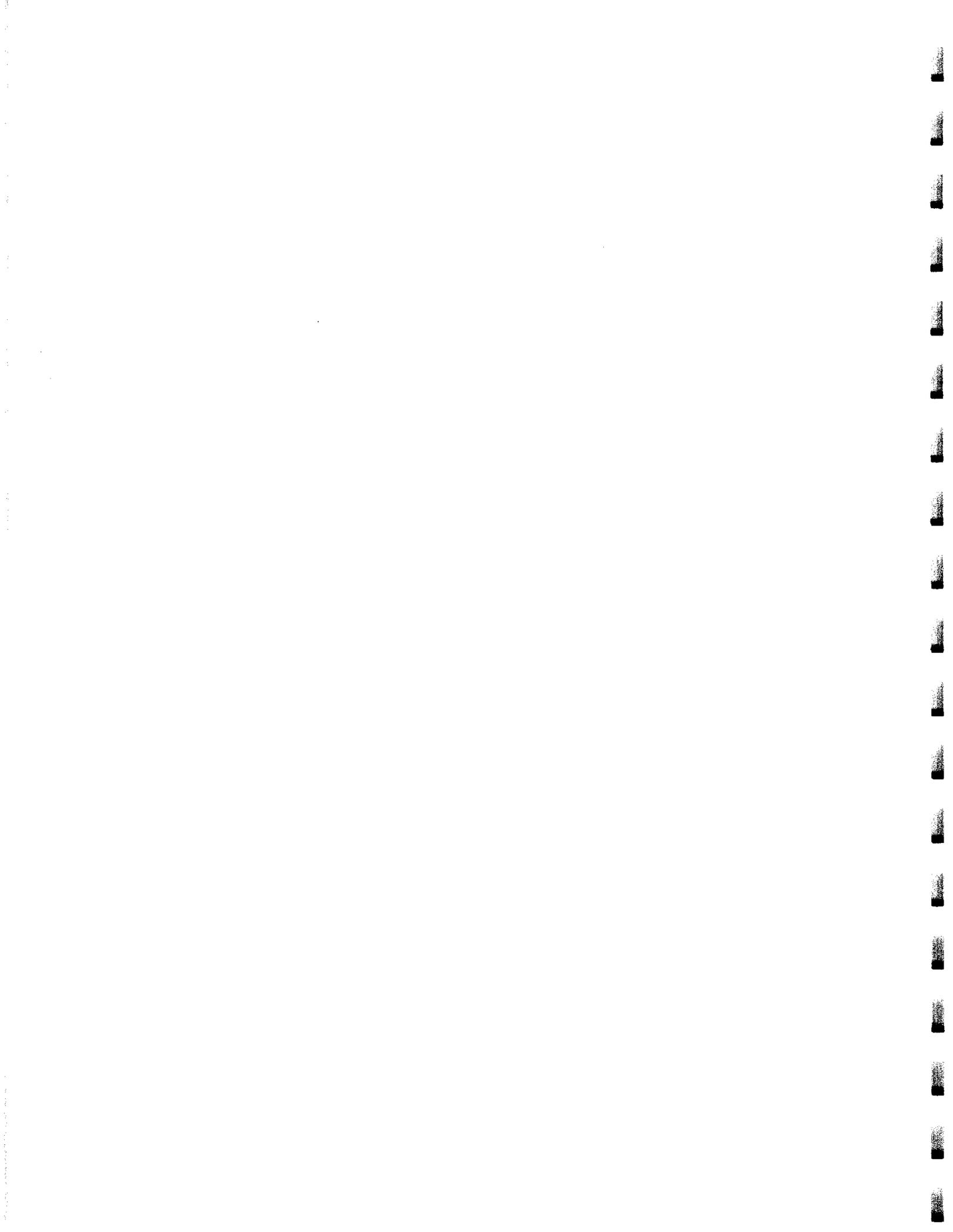
The district will implement other procedures to ensure compliance with the cash management requirement for federal program funds.

c. Anticipated Completion Date: February 12, 2007

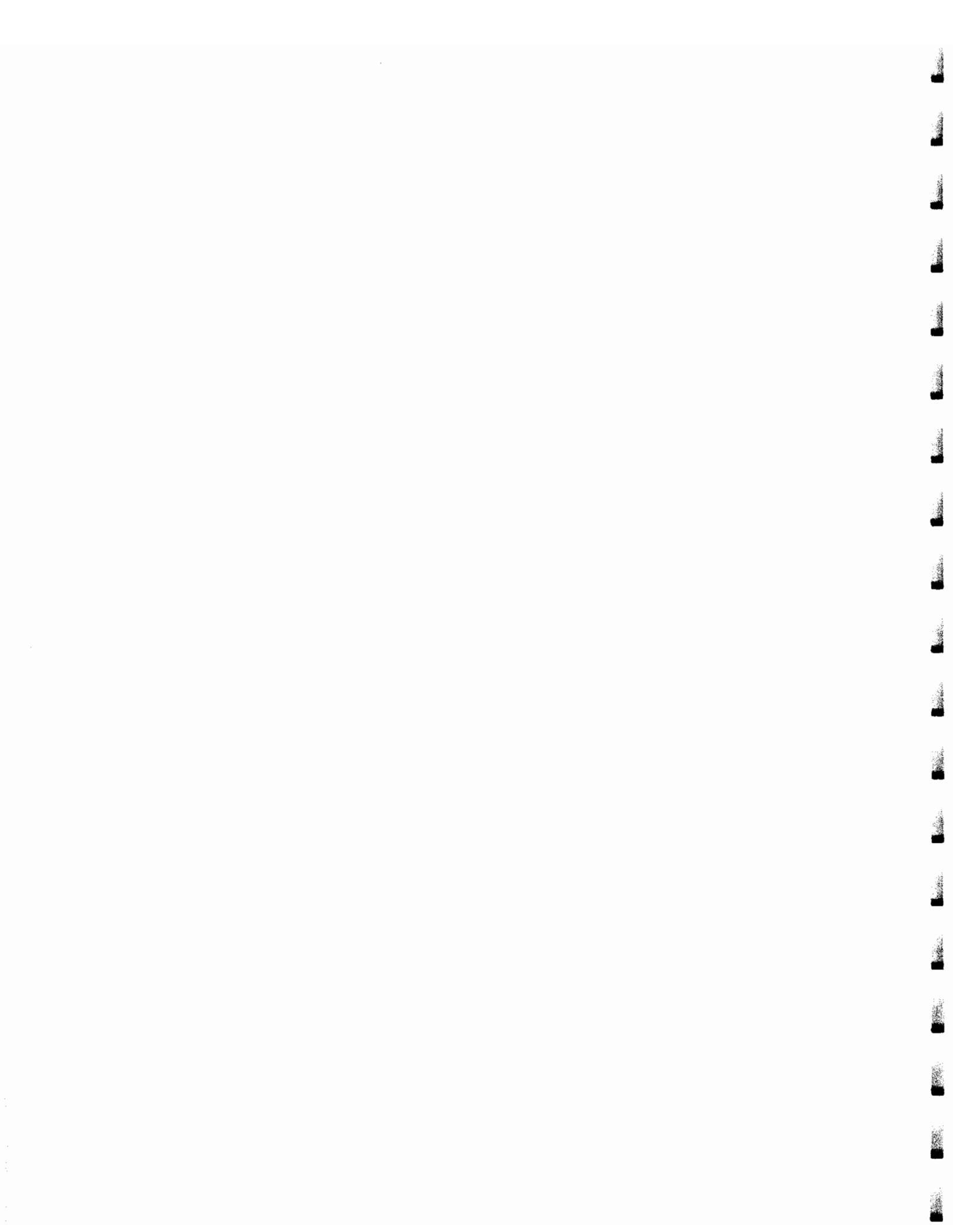
Sincerely Yours,



Glendora Dugger, Superintendent
North Panola School District



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS





North Panola School District

Glendora Dugger

Superintendent of Education

470 U.S. Highway 51 North
Post Office Box 334
Sardis, Mississippi 38666

Phone: 662-487-2305

Fax: 662-487-2050

Email: gdugger@npanola.k12.ms.us

SUMMARY OF PRIOR AUDIT FINDINGS

As required by Section ____315(b) of OMB Circular A-133, the North Panola School District has prepared and hereby submits the following summary schedule of prior audit findings as of January 12, 2007:

<u>Finding</u>	<u>Status</u>
2005-1	The problems with the food service software were corrected, and all food service employees were trained to ensure errors are limited.
2005-2	The Mississippi Department of Audit was notified about the oversight of the Title I Comparability Report for the 2004-2005 School Year.
2005-3	Requests for funds have been examined by the federal programs bookkeeper and the director to ensure the cash management requirement for federal program fund is met.

Sincerely,

Glendora Dugger, Superintendent
North Panola School District

