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Long Beach School District
Audited Financial Statements
June 30, 2008

Fortenberry & Ballard, PC
Certified Public Accountants

FINANCIAL AUDIT REPORT

Long Beach School District
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FORTENBERRY & BALLARD, PC
Certified Public Accountants

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

Superintendent and School Board
Long Beach School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Long Beach School District as of and for the year ended June 30, 2008, which collectively comprise the Long Beach School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Long Beach 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 Long Beach School District, as of June 30, 2008, 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 10, 2008 on our consideration of the Long Beach School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 6 through 14 and the Budgetary Comparison Schedules and corresponding notes on pages 40 through 44 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.

AICPA & MSCPA
1929 Spillway Road, Suite B, Brandon, MS 39047, Telephone (601)992-5292

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Long Beach 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 our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
December 10, 2008

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

LONG BEACH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

The discussion and analysis of Long Beach School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets increased $2,274,129, which represents a 11% increase from fiscal year 2007.
- General revenues account for $21,912,762 of all revenues. This amount was more than the general revenues for the year 2007, which consisted of $21,872,854 of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for $10,051,261 of total revenues compared to $14,732,860 in 2007.
- The district had $29,689,894 in expenses, an amount that increased when compared with the $29,398,253 in expenses for the prior year. Of this amount, only $10,051,261 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of $21,912,762 were adequate to provide for these programs.
- Among major funds, the General Fund had $20,770,794 in revenues and $18,764,153 in expenditures. In 2007 the General Fund had $23,838,851 in revenues and $19,531,765 in expenditures. The General Fund's fund balance increased by $2,028,561.
- Capital assets, net of accumulated depreciation, increased by $3,476,043 due primarily to the addition of construction in progress, improvements other than buildings, mobile equipment and furniture and equipment.
- Long-term debt increased by $285,747 mainly due to the issuance of a Shortfall note.

OVERVIEW OF FINANCIAL STATEMENTS

government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

The government-wide financial statements can be found on pages 16 and 17 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. 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 19 and 21, 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 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 18 and 20 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 comprised of the Payroll Clearing Fund, Club Funds, Accounts Payable Clearing Funds, and the Bert Johnson Scholarship Fund. 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 22.

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 24-39 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 fund. This required supplementary information can be found on pages 40-44 of this report.

Additionally, a new schedule of instructional, administrative and other expenditures - governmental funds will be found right after the schedule of federal awards, required by OMB Cir. A-133. These schedules can be found on page 46 and 47 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 $23,855,342 as of June 30, 2008.

41% of the District's net assets 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, 2008 and 2007:

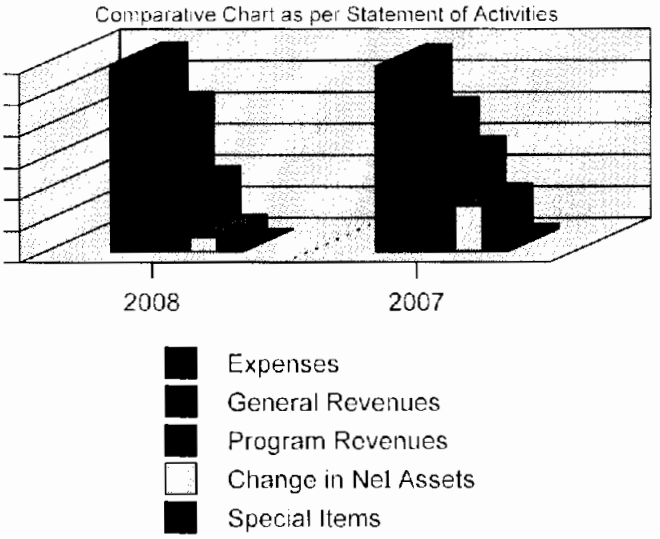
		2008	2007	Percentage Change
Assets				
Current assets	$	17,000,750	19,983,341	-15%
Capital assets, net		16,597,376	13,121,333	26%
Total assets		33,598,126	33,104,674	1%
Liabilities				
Current liabilities		1,334,451	3,792,006	-65%
Long-term liabilities		8,408,335	8,042,845	5%
Total liabilities		9,742,786	11,834,851	-18%
Net Assets:				
Invested in capital assets, net of related debt		9,877,376	5,846,590	69%
Restricted		12,434,034	8,981,607	38%
Unrestricted		1,543,932	6,441,626	-76%
Total Net Assets	$	23,855,342	21,269,823	12%

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

- The addition of $856,234 of long-term debt.
- The $3,476,043 net increase in capital assets.

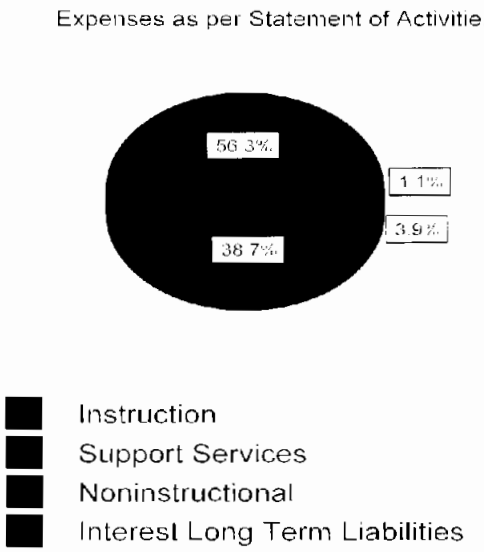
Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2008 were $31,964,023. The total cost of all programs and services was $29,689,894. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2008 and 2007.

	2008	2007	Percentage Change
Revenues			
Program Revenues			
Charges for Services	$ 662,955	700,313	-5%
Operating Grants and Contributions	9,388,306	10,427,691	-10%
Capital Grants and Contributions	0	3,604,856	-100%
Total Program Revenues	10,051,261	14,732,860	-32%
General Revenues			
Property Taxes	5,492,057	5,387,278	2%
Unrestricted Grants and Contributions	15,418,128	14,723,136	5%
Unrestricted Investment Earnings	361,056	528,512	-32%
Sixteenth Section Sources	13,856	14,241	-3%
Other	627,665	1,219,687	-49%
Total General Revenues	21,912,762	21,872,854	0%
Total Revenues and Special Items	31,964,023	36,605,714	-13%
Expenses			
Instruction	16,713,214	16,661,731	0%
Support services	11,480,767	11,113,307	3%
Non-instructional	1,154,585	1,280,331	-10%
Interest on long-term liabilities	341,328	342,884	0%
Total expenses	29,689,894	29,398,253	1%
Increase (Decrease) in net assets	2,274,129	7,207,461	-68%
Net Assets, July 1	21,269,823	14,062,362	51%
Prior Period Adjustment	311,390	0	100%
Net Assets, Restated	21,581,213	14,062,362	53%
Net Assets, June 30	23,855,342	21,269,823	12%



Governmental activities. The following table presents the cost of five major District functional activities: instruction, support services, non-instructional, sixteenth section and interest on long-term debt. The table also shows each 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.

	2008 Expenses	2007 Expenses	2008 Net (Expense) Revenue	2007 Net (Expense) Revenue
Instruction	$ 16,713,214	16,661,731	(10,809,751)	(4,642,695)
Support Services	11,480,767	11,113,307	(8,397,815)	(9,706,342)
Non-Instructional	1,154,585	1,280,331	(89,739)	26,528
Interest on Long-Term Liabilities	341,328	342,884	(341,328)	(342,884)
	$ 29,689,894	29,398,253	(19,638,633)	(14,665,393)



- Net cost of governmental activities ($19,638,633), was financed by general revenue, which is made up of primarily property taxes $5,492,057 and state revenue $15,179,791.

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 $16,295,065, a decrease of $567,055. $7,943,305, or 49%, of the fund balance constitutes unreserved and undesignated fund balance. The remaining fund balance of $8,351,760, or 51%, 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 $2,028,561. The fund balance of Other Governmental Funds showed an increase of $154,975.

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.

- Budget amounts for revenues from state sources was increased to full funding for Mississippi Adequate Education. The original budgeted amounts underestimated for potential cuts by the Mississippi legislature. This was done upon suggestion of the Mississippi Department of Education.

- Budget amounts for facilities acquisition and construction expenditures were decreased due primarily to school construction being delayed until the next fiscal 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 special revenue funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2008, the District's total capital assets were $23,558,978, including land, school buildings, buses, other school vehicles, and furniture and equipment. This amount represents an increase of $4,377,234 from the previous year. Total accumulated depreciation as of June 30, 2008 was $6,961,602 and total depreciation expense for the year was $813,870, resulting in total net capital assets of $16,597,376.

	Capital Assets, Net of Depreciation		Percentage
	2008	2007	Change
Land	$ 2,669,709	2,548,709	5%
Construction in progress	1,832,369	0	100%
Buildings	9,264,093	9,449,613	-2%

Improvements other than buildings	1,074,410	98,959	986%
Mobile equipment	714,625	513,011	39%
Furniture and equipment	1,042,170	511,041	104%
	$ 16,597,376	13,121,333	26%

Additional information of the District's capital assets can be found in Note 4 on page 33 of this report.

Debt Administration. At June 30, 2008, the District had $135,000 in general obligation bonds outstanding and $8,748,335 in other long-term debt outstanding, of which $475,000 is due within one year.

	2008	2007	Percentage Change
General obligation bonds	$ 135,000	255,000	-47%
Limited obligation bonds	3,835,000	4,145,000	-7%
Certificates of participation payable	0	124,743	-100%
Shortfall notes payable	1,979,945	1,123,711	76%
Three mill notes payable	2,750,000	2,750,000	0%
Compensated absences	183,390	199,134	-8%
	$ 8,883,335	8,597,588	3%

The District maintains a AA bond rating.

Additional information of the District's long-term debt can be found in Note 5 on page 34 of this report.

CURRENT ISSUES

The Long Beach District is financially stable. The District is proud of its community support of the public schools.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Long Beach School District, 19148 Commission Road, Long Beach, MS 39560.

FINANCIAL STATEMENTS

LONG BEACH SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

Exhibit A

		Governmental Activities
Assets		
Cash and cash equivalents	$	12,488,697
Cash with fiscal agents		242,075
Due from other governments		4,091,775
Other receivables, net		76,389
Inventories and prepaid items		101,814
Capital assets, non-depreciable:		
Land		2,669,709
Construction in progress		1,832,369
Capital assets, net of accumulated depreciation:		
Buildings		9,264,093
Improvements other than buildings		1,074,410
Mobile equipment		714,625
Furniture and equipment		1,042,170
Total Assets		33,598,126
Liabilities		
Accounts payable and accrued liabilities		705,688
Interest payable on long-term liabilities		153,763
Long-term liabilities, due within one year		
Capital related liabilities		475,000
Long-term liabilities, due beyond one year		
Capital related liabilities		6,245,000
Non-capital related liabilities		2,163,335
Total Liabilities		9,742,786
Net Assets		
Invested in capital assets, net of related debt		9,877,376
Restricted net assets:		
Expendable:		
School-based activities		1,219,897
Debt service		1,286,403
Capital improvements		9,850,575
Unemployment benefits		77,159
Unrestricted		1,543,932
Total Net Assets	$	23,855,342

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

LONG BEACH SCHOOL DISTRICT

Exhibit B

Statement of Activities

For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities:				
Instruction	$ 16,713,214	185,293	5,718,170	(10,809,751)
Support services	11,480,767		3,082,952	(8,397,815)
Non-instructional	1,154,585	477,662	587,184	(89,739)
Interest on long-term liabilities	341,328			(341,328)
Total Governmental Activities	$ 29,689,894	662,955	9,388,306	(19,638,633)

General Revenues:	
Taxes:	
General purpose levies	4,705,546
Debt purpose levies	408,371
Gaming	378,140
Unrestricted grants and contributions:	
State	15,179,791
Federal	238,337
Unrestricted investment earnings	361,056
Sixteenth section sources	13,856
Other	627,665
Total General Revenues	21,912,762
Change in Net Assets	2,274,129
Net Assets - Beginning	21,269,823
Prior Period Adjustments	311,390
Net Assets - Restated	21,581,213
Net Assets - Ending	23,855,342

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

LONG BEACH SCHOOL DISTRICT

Exhibit C

Balance Sheet - Governmental Funds

June 30, 2008

		Major Funds						
		General Fund	Restart School Grant Fund	FEMA/ MEMA Grants	Capital Fund Harper McCaughan Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	$	5,189,289	1,144		422,017	5,129,274	1,746,975	12,488,699
Cash with fiscal agents							242,075	242,075
Due from other governments		1,206,557		2,453,083			432,135	4,091,775
Due from other funds		460,846				1,544,484		2,005,330
Inventories and prepaid items		50,000					51,814	101,814
Total Assets	$	6,906,692	1,144	2,453,083	422,017	6,673,758	2,472,999	18,929,693
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	$	84,897	1,144		422,017	129,005	68,624	705,687
Due to other funds				1,831,788			97,153	1,928,941
Total Liabilities		84,897	1,144	1,831,788	422,017	129,005	165,777	2,634,628
Fund Balances:								
Reserved for:								
Inventory							46,640	46,640
Prepaid items		50,000					5,174	55,174
Capital projects						6,544,753	187,868	6,732,621
Debt service							1,440,166	1,440,166
Unemployment benefits							77,159	77,159
Unreserved:								
Undesignated, reported in:								
General Fund		6,771,795						6,771,795
Special Revenue Funds				621,295			550,215	1,171,510
Total Fund Balances		6,821,795	0	621,295	0	6,544,753	2,307,222	16,295,065
Total Liabilities and Fund Balances	$	6,906,692	1,144	2,453,083	422,017	6,673,758	2,472,999	18,929,693

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

LONG BEACH SCHOOL DISTRICT

Exhibit C-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets

June 30, 2008

		Amount
Total Fund Balance - Governmental Funds	$	16,295,065
Amounts reported for governmental activities in the statement of net assets are different because:		
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $6,961,602.		16,597,376
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(8,883,335)
3. Governmental funds recognize interest on long-term debt when it becomes due, however the Statement of Net Assets recognizes interest as it accrues.		(153,763)
Rounding difference		(1)
Total Net Assets - Governmental Activities	$	23,855,342

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

LONG BEACH SCHOOL DISTRICT

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2008

	Major Funds						
	General Fund	Restart School Grant Fund	FEMA/ MEMA Grants	Capital Fund Harper McCaughan Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Local sources	$ 5,558,698				202,295	916,063	6,677,056
State sources	14,969,710					814,910	15,784,620
Federal sources	242,386	4,153,406	2,083,382			2,543,227	9,022,401
Sixteenth section sources						17,334	17,334
Total Revenues	20,770,794	4,153,406	2,083,382	0	202,295	4,291,534	31,501,411
Expenditures:							
Instruction	11,104,593	3,005,919	6,937			2,281,295	16,398,744
Support services	7,513,318	1,426,947	5,815	15,328	2,169,344	1,012,420	12,143,172
Noninstructional services	5,228					1,110,854	1,116,082
Facilities acquisition and construction				1,529,156	1,327,207		2,856,363
Debt service:							
Principal	129,255					425,488	554,743
Interest	11,759					305,671	317,430
Advance refunding escrow							0
Other						780	780
Total Expenditures	18,764,153	4,432,866	12,752	1,544,484	3,496,551	5,136,508	33,387,314
Excess (Deficiency) of Revenues over Expenditures	2,006,641	(279,460)	2,070,630	(1,544,484)	(3,294,256)	(844,974)	(1,885,903)
Other Financing Sources (Uses):							
Proceeds of loans	856,234						856,234
Insurance loss recoveries						462,614	462,614
Operating transfers in				1,544,484	296,979	846,000	2,687,463
Operating transfers out	(834,314)		(1,544,484)			(308,665)	(2,687,463)
Total Other Financing Sources (Uses)	21,920	0	(1,544,484)	1,544,484	296,979	999,949	1,318,848
Net Change in Fund Balances	2,028,561	(279,460)	526,146	0	(2,997,277)	154,975	(567,055)
Fund Balances:							
July 1, 2007	4,793,234	279,460	95,149		9,542,030	2,166,851	16,876,724
Increase (Decrease) in reserve for inventory						(14,604)	(14,604)
June 30, 2008	$ 6,821,795	0	621,295	0	6,544,753	2,307,222	16,295,065

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

LONG BEACH SCHOOL DISTRICT

Exhibit D-1

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2008

		Amount
Net Change in Fund Balances - Governmental Funds	$	(567,055)
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 purchase amounted to $3,994,305 and the depreciation expense amounted to $813,870.		3,180,435
2. Proceeds of long term liabilities are reported in the governmental funds, but not in the Statement of Activities.		(856,234)
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.		554,743
4. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.		(23,117)
5. Gains and losses on the sale or disposals of assets are not reported in the governmental funds, but are reported in the Statement of Activities, net of proceeds.		(15,782)
6. Increase (decrease) in the inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are (decreased) increased in the Statement of Activities.		(14,604)
7. Expenses in the Statement of Activities not normally paid with expendable available financial resources are not reported as expenditures in the governmental funds:		
Compensated absences		15,744
Rounding difference		(1)
Change in Net Assets of Governmental Activities	$	2,274,129

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

LONG BEACH SCHOOL DISTRICT

Exhibit E

Statement of Fiduciary Net Assets

June 30, 2008

		Private-Purpose Trust Funds		Agency Funds
Assets				
Cash and cash equivalents	$	2,562		1,399,445
Total Assets	$	2,562		1,399,445
Liabilities				
Accounts payable and accrued liabilities			$	1,219,873
Due to other governments				103,183
Due to other funds				76,389
Total Liabilities			$	1,399,445
Net Assets				
Reserved for endowments	$	2,562		
Total Net Assets	$	2,562		

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

LONG BEACH SCHOOL DISTRICT

Exhibit F

Statement of Changes in Fiduciary Net Assets

June 30, 2008

	Private-Purpose Trust Funds
Additions	
Interest on investments	$
Contributions and donations from private sources	3,684
Total Additions	3,684
Deductions	
Scholarships awarded	5,800
Total Deductions	5,800
Change in Net Assets	(2,116)
Net Assets	
July 1, 2007	4,678
June 30, 2008	$ 2,562

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

Long Beach School District

Notes to the Financial Statements
June 30, 2008

(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 an "other stand-alone government." The school district is a related organization of, but not a component unit of, the City of Long Beach since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

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 reporting government 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:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. 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 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.

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 operations in an area where a major disaster has

been declared.

FEMA / MEMA Fund - This fund is used to assist in recovering from the devastating effects of disasters by providing assistance for debris removal, emergency protective measures and the repair, restoration, reconstruction or replacement of public facilities or infrastructure damaged or destroyed.

Capital Fund Harper McCaughan - This fund is used to account for the transactions in a major capital construction project.

Capital Project Fund - 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 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 Project 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.

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.

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

D. Account Classifications.

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

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

E. Encumbrances.

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

F. Cash and Cash Equivalents.

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

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

G. Investments.

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

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three 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 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	Estimated Useful Life
Land	$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

(*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 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 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 3 for details for interfund transactions, including receivables and payables at year-end.

L. Equity Classifications.

Government-Wide Financial Statements:

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

1. Invested in capital assets, net of related debt- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted net assets- Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3. Unrestricted net assets- All other net assets that do not meet the definition of "restricted", or "invested in capital assets, net of related debt."

Fund Financial Statements:
Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved 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 prepaid items - An account that represents a portion of the fund balance which indicates that prepaid items do not represent available spendable resources even though they are a component of net current assets.

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

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

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

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

M. Property Taxes.

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

N. Mississippi Adequate Education Program Revenues.

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

O. Compensated Absences.

Employees of the school district accumulate sick leave at a minimum amount as required by state law or at a greater amount provided by policy of the school district. 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 only the compensated absence liability payable from expendable available

financial resources only if the payable has matured, for example, an employee retires.

(2) Cash and Cash Equivalents.

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

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

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 $12,488,699 and $1,402,007, respectively. The carrying amount of deposits reported in the government-wide financial statements was: cash and cash equivalents, $12,488,697. The bank balance was $14,680,144.

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, 2008, none of the district's bank balance of $14,680,144 was exposed to custodial credit risk.

Cash with Fiscal Agents.

The carrying amount of school district's cash with fiscal agents held by financial institution was $242,075.

(3) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds

Governmental Funds:	Due From	Due To
General Fund	$ 460,846	$
Capital Project Fund	1,544,484	
FEMA/MEMA Fund		1,831,788
Other Governmental Funds		97,153
Fiduciary Funds		76,389
Total Funds	$ 2,005,330	$ 2,005,330

The purpose of the Due From/To other funds balances was for general operating activities. All balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out

Governmental Funds:	Transfers In	Transfers Out
General Fund	$	$ 834,314
FEMA/MEMA Fund		1,544,484
Capital Fund Harper McCaughan	1,544,484	
Capital Project Fund	296,979	
Other Governmental Funds	846,000	308,665
Total Funds	$ 2,687,463	$ 2,687,463

The purpose of the transfers was to provide funds for general operating activities. All transfers were routine and consistent with the fund making the transfer.

(4) Capital Assets.

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

	Balance 7-01-2007	Additions	Retirements	Adjustments	Balance 6-30-2008
Non-depreciable capital assets:					
Land	$ 2,548,709	121,000			2,669,709
Construction in progress	0	1,832,369			1,832,369
Total non-depreciable capital assets	2,548,709	1,953,369	0	0	4,502,078

	Balance 7-01-2007	Additions	Retirements	Adjustments	Balance 6-30-2008
Depreciable capital assets:					
Buildings	13,632,989			331,000	13,963,989
Improvements other than buildings	409,440	902,993	69,623	171,406	1,414,216
Mobile equipment	1,451,331	317,717	14,349	7,511	1,762,210
Furniture and equipment	1,139,275	820,226	42,258	(758)	1,916,485
Total depreciable capital assets	16,633,035	2,040,936	126,230	509,159	19,056,900
Less accumulated depreciation for:					
Buildings	4,183,376	352,972		163,548	4,699,896
Improvements other than buildings	310,481	51,767	55,698	33,256	339,806
Mobile equipment	938,320	121,214	12,914	965	1,047,585
Furniture and equipment	628,234	287,917	41,836		874,315
Total accumulated depreciation	6,060,411	813,870	110,448	197,769	6,961,602
Total depreciable capital assets, net	10,572,624	1,227,066	15,782	311,390	12,095,298
Governmental activities capital assets, net	$ 13,121,333	3,180,435	15,782	311,390	16,597,376

Depreciation expense was charged to the following governmental functions:

Instructional services	$ 377,240
Support services	389,376
Non-instructional	47,254
Total depreciation expense	$ 813,870

Adjustments to capital assets were made to recognize capital assets that were not in the capital assets ledger in the prior year and to adjust the related accumulated depreciation.

(5) Long-term liabilities.

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

	Balance 7-1-2007	Additions	Reductions	Balance 6-30-2008	Amounts due within one year
A. General obligation bonds	$ 255,000	0	120,000	135,000	135,000
B. Limited obligation bonds	4,145,000	0	310,000	3,835,000	315,000

Long Beach School District

Notes to Financial Statements
For the Year Ended June 30, 2008

	Balance 7-1-2007	Additions	Reductions	Balance 6-30-2008	Amounts due within one year
C. Certificates of participation payable	124,743	0	124,743	0	0
D. Shortfall notes payable	1,123,711	856,234	0	1,979,945	0
E. Three Mill Notes Payable	2,750,000	0	0	2,750,000	25,000
F. Compensated Absences	199,134		15,744	183,390	0
Total $	8,597,588	856,234	570,487	8,883,335	475,000

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:

Description	Interest Rate	Issue Date	Maturit Date	Amount Issued	Amount Outstanding
General Obligation Bonds	2.5-4.1%	09/02	12/08	$820,000	$135,000

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

Year Ending June 30,		Principal	Interest	Total
2009	$	135,000	2,767	137,767

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, 2008 the amount of outstanding bonded indebtedness was equal to 0.13% of property assessments as of October 1, 2007. This debt will be retired from the District Maintenance Fund #1120 and EEF Buildings and Buses Fund #2410.

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	Interest Rate	Issue Date	Maturit Date	Amount Issued	Amount Outstanding
State Aid Capital Improvement	4.5-5.75%	03/98	08/17	$5,770,000	$3,835,000

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

Year Ending June 30,		Principal	Interest	Total
2009	$	315,000	169,380	484,380
2010		315,000	154,811	469,811
2011		335,000	140,186	475,186
2012		355,000	124,484	479,484
2013		365,000	107,878	472,878
2014-2018		2,150,000	248,879	2,398,879
Total	$	3,835,000	945,618	4,780,618

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 the Adequate Education Act, Sections 37-151-1 through 37-151-7 of the Mississippi 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 fund 4041 (MAEP Retirement Fund).

C. Certificates of participation payable.

This debt was paid out during the year and retired from the District Maintenance Fund 1120.

D. Shortfall notes payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturit Date	Amount Issued	Amount Outstanding
Community Shortfall Disaster	3.12%	06/06	06/11	$1,123,711	$1,123,711

Community Shortfall Disaster	3.12%	06/08	06/11	856,234	856,234
Total				1,979,945	1,979,945

Interest is accrued on the loan at 3.12%. Accrued interest of $39,041 is included in the interest payable on long-term liabilities amount presented in the Statement of Net Assets on page 16 of the report.

The community disaster loans will be retired from the District Maintenance Fund 1120.

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.

E. Three Mill Notes Payable

Description	Interest Rate	Issue Date	Maturit Date	Amount Issued	Amount Outstanding
Limited Tax Notes	4.48%	10/06	10/25	$2,750,000	$2,750,000

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

Year Ending June 30,	Principal	Interest	Total
2009	$ 25,000	120,608	145,608
2010	50,000	119,228	169,228
2011	100,000	116,380	216,380
2012	100,000	112,475	212,475
2013	125,000	107,959	232,959
2014-2018	900,000	436,663	1,336,663
2019-2023	1,200,000	200,494	1,400,494
2024-2025	250,000	5,875	255,875
Total	$ 2,750,000	1,219,682	3,969,682

This debt will be retired from Capital/Land Fund 3022 and Three Mill Debt Service Fund 4021.

F. 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.

(6) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and the school district is required to contribute at an actuarially determined rate. The current rate is 11.85% 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, 2008, 2007, and 2006 were $1,858,827, $1,636,527, and $1,494,422, respectively, which equaled the required contributions for each year.

(7) Risk Management.

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

Participation in Public Entity Risk Pool.
The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 121 school districts and one community college and covers risks of loss arising from injuries to the members' employees. The Mississippi Workman's 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 Bancorp South in Jackson, Mississippi. The funds in the trust account are used to pay any claim up to $700,000. For a claim exceeding $700,000, MSBAWCT has insurance which will pay the excess up to the statutory amount required bye the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

(8) Prior Period Adjustments/Exhibits.

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

	Explanation(s)		Amount
1.	Adjustment was made for assets that were not on the capital assets ledger in prior audit year and for adjustments to accumulated depreciation.	$	311,390
	Total	$	311,390

REQUIRED SUPPLEMENTARY INFORMATION

LONG BEACH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 6,437,211	6,446,044	5,558,698	8,833	(887,346)
State sources	15,034,482	15,034,451	14,969,710	(31)	(64,741)
Federal sources	232,000	220,301	242,386	(11,699)	22,085
Total Revenues	21,703,693	21,700,796	20,770,794	(2,897)	(930,002)
Expenditures:					
Instruction	12,062,465	11,858,240	11,104,593	204,225	753,647
Support services	8,020,557	8,172,761	7,513,318	(152,204)	659,443
Noninstructional services	10,300	10,525	5,228	(225)	5,297
Debt Service					
Principal	147,244	147,244	129,255	-	17,989
Interest			11,759	-	(11,759)
Total Expenditures	20,240,566	20,188,770	18,764,153	51,796	1,424,617
Excess (Deficiency) of Revenues Over Expenditures	1,463,127	1,512,026	2,006,641	48,899	494,615
Other Financing Sources (Uses):					
Proceeds of loans			856,234	-	856,234
Indirect costs	53,853	15,539		(38,314)	(15,539)
Operating Transfers In	2,548,589	2,698,350		149,761	(2,698,350)
Operating Transfers Out	(3,546,579)	(3,544,350)	(834,314)	2,229	2,710,036
Total Other Financing Sources (Uses)	(944,137)	(830,461)	21,920	113,676	852,381
Net Change in Fund Balances	518,990	681,565	2,028,561	162,575	1,346,996
Fund Balances:					
July 1, 2007	4,641,749	4,793,235	4,793,234	151,486	(1)
June 30, 2008	$ 5,160,739	5,474,800	6,821,795	314,061	1,346,995

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

LONG BEACH SCHOOL DISTRICT
Budgetary Comparison Schedule
Restart School Grants
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 4,200,000	4,153,406	4,153,406	(46,594)	-
Total Revenues	4,200,000	4,153,406	4,153,406	(46,594)	-
Expenditures:					
Instruction	2,583,459	3,005,919	3,005,919	(422,460)	-
Support services	1,294,200	1,426,947	1,426,947	(132,747)	-
Total Expenditures	3,877,659	4,432,866	4,432,866	(555,207)	-
Excess (Deficiency) of Revenues Over Expenditures	322,341	(279,460)	(279,460)	(601,801)	-
Net Change in Fund Balances	322,341	(279,460)	(279,460)	(601,801)	-
Fund Balances:					
July 1, 2007	-	279,460	279,460	279,460	-
June 30, 2008	$ 322,341	-	-	(322,341)	-

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

LONG BEACH SCHOOL DISTRICT
Budgetary Comparison Schedule
FEMA/MEMA Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 5,475,000	5,475,000	2,083,382	-	(3,391,618)
Total Revenues	5,475,000	5,475,000	2,083,382	-	(3,391,618)
Expenditures:					
Instruction	175,000	175,250	6,937	(250)	168,313
Support services	-	5,825	5,815	(5,825)	10
Noninstructional services	-	-		-	-
Facilities acquisition and construction	5,300,000	-		5,300,000	-
Total Expenditures	5,475,000	181,075	12,752	5,293,925	168,323
Excess (Deficiency) of Revenues Over Expenditures	-	5,293,925	2,070,630	5,293,925	(3,223,295)
Other Financing Sources (Uses):					
Inception of capital leases	-	-	-	-	-
Other Transfers Out	-	(5,300,000)	(1,544,484)	(5,300,000)	3,755,516
Total Other Financing Sources (Uses)	-	(5,300,000)	(1,544,484)	(5,300,000)	3,755,516
Net Change in Fund Balances	-	(6,075)	526,146	(6,075)	532,221
Fund Balances:					
July 1, 2007	-	95,149	95,149	95,149	-
June 30, 2008	$ -	89,074	621,295	89,074	532,221

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

Long Beach School District

Notes to the Required Supplementary Information
For the Year Ended June 30, 2008

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

Long Beach School District **Schedule 1**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2008

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE/		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	118,602
National School Lunch Program	10.555	543,070
Total child nutrition cluster		661,672
Total passed-through the MDE		661,672
TOTAL U. S. DEPARTMENT OF AGRICULTURE		661,672
FEDERAL COMMUNICATIONS COMMISSION		
Administered through Universal Service Administrative Company		
The schools and libraries program of the Universal Service Fund	32.XXX	36,470
Total Federal Communications Commission		36,470
U. S. DEPARTMENT OF EDUCATION		
Direct Program:		
Impact aid	84.041	48,048
Total		48,048
Pass-through Department of Rehabilitation Services		
Rehabilitation services - vocational rehabilitation grants to states	84.126	588
Total		588
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	777,036
Vocation Education - Basic Grant to States	84.048	39,537
Safe and Drug Free Schools and Communities - State Grants	84.186	12,135
Eisenhower Professional Development -State Grant	84.281	186,634
State Grant for Innovative Programs	84.298	4,379
Education Technology State Grants	84.318	8,417
Grants for state assessments and related activities	84.369	16,096
Hurricane Education Recovery	84.938	4,432,865
Total		5,477,099
Special Education Cluster:		
Special Education - Grants to States	84.027	598,873
Special Education - Preschool Grants	84.173	23,690
Total special education cluster		622,563
Total passed-through the Mississippi Department of Education		6,099,662
TOTAL U. S. DEPARTMENT OF EDUCATION		6,148,298
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES		
Drug-Free Communities Support	93.276	129,891
Total		129,891
U. S. DEPARTMENT OF HOMELAND SECURITY		
Direct Program:		
Community Disaster Loans	97.030	856,234
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1,557,236
Total Other Federal Assistance		2,413,470
TOTAL FOR ALL FEDERAL AWARDS		$9,389,801

NOTES TO SCHEDULE

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

Long Beach School District
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2008

Expenditures		Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$	21,012,006	16,184,237	805,419	1,329,204	2,693,146
Other		12,375,308	2,527,348	183,262	23,709	9,640,989
Total	$	33,387,314	18,711,585	988,681	1,352,913	12,334,135
Total number of students *		2,709				
Cost per student	$	12,325	6,907	365	499	4,553

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

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

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

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

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

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

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

OTHER SUPPLEMENTAL INFORMATION

LONG BEACH SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances "UNAUDITED"

General Fund

Last Four Years

	2008	2007*	2006*	2005*
Revenues:				
Local sources	$ 5,558,698	5,843,380	6,540,789	5,909,684
State sources	14,969,710	13,776,144	13,315,909	12,336,958
Federal sources	242,386	4,219,327	195,708	104,082
Total Revenues	20,770,794	23,838,851	20,052,406	18,350,724
Expenditures:				
Instruction	11,104,593	9,224,513	7,296,836	11,170,361
Support services	7,513,318	6,666,545	4,269,837	6,086,207
Noninstructional services	5,228	5,316	1,515	
Facilities acquisition and construction		3,489,812		40,263
Debt service:				
Principal	129,255	125,520	198,556	192,873
Interest	11,759	20,059	29,427	38,445
Other				
Total Expenditures	18,764,153	19,531,765	11,796,171	17,528,149
Excess (Deficiency) of Revenues over Expenditures	2,006,641	4,307,086	8,256,235	822,575
Other Financing Sources (Uses):				
Proceeds of loans	856,234	903,324	220,387	
Insurance loss recoveries		7,720	10,434	
Sale of transportation equipment		2,604		2,180
Sale of other property		2,040		888
Operating transfers in		2,058,411	1,941,257	67,660
Operating transfers out	(834,314)	(6,975,913)	(8,722,723)	(675,000)
Total Other Financing Sources (Uses)	21,920	(4,001,814)	(6,550,645)	(604,272)
Net Change in Fund Balances	2,028,561	305,272	1,705,590	218,303
Fund Balances:				
July 1, 2007	4,793,234	4,487,962	2,782,372	2,564,069
June 30, 2008	$ 6,821,795	4,793,234	4,487,962	2,782,372

*SOURCE - PRIOR YEAR AUDIT REPORTS

LONG BEACH SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances "UNAUDITED"

All Governmental Funds

Last Four Years

		2008	2007*	2006*	2005*
Revenues:					
Local sources	$	6,677,056	6,973,032	7,351,561	6,848,825
State sources		15,784,620	14,599,100	14,154,626	13,154,975
Federal sources		9,022,401	14,156,583	13,547,363	2,284,237
Sixteenth section sources		17,334	14,241	10,155	8,676
Total Revenues		31,501,411	35,742,956	35,063,705	22,296,713
Expenditures:					
Instruction		16,398,744	16,385,719	15,932,117	13,004,297
Support services		12,143,172	11,645,779	9,340,072	6,827,449
Noninstructional services		1,116,082	1,235,923	1,541,805	949,675
Sixteenth section		2,856,363	3,814,074	2,229,997	124,885
Facilities acquisition and construction					
Debt service:					
Principal		554,743	689,975	1,058,534	999,876
Interest		317,430	365,447	258,643	288,866
Other		780	773	50,800	825
Total Expenditures		33,387,314	34,137,690	30,411,968	22,195,873
Excess (Deficiency) of Revenues over Expenditures		(1,885,903)	1,605,266	4,651,737	100,840
Other Financing Sources (Uses):					
Proceeds of loans		856,234	903,324	3,245,387	135,000
Inception of capital leases				192,975	
Insurance loss recoveries		462,614	893,920	1,510,434	
Sale of transportation equipment			2,604		2,180
Sale of other property			2,040		888
Operating transfers in		2,687,463	7,030,471	8,776,350	742,660
Other financing sources					
Operating transfers out		(2,687,463)	(7,030,471)	(8,776,350)	(742,660)
Total Other Financing Sources (Uses)		1,318,848	1,801,888	4,948,796	138,068
Net Change in Fund Balances		(567,055)	3,407,154	9,600,533	238,908
Fund Balances:					
July 1, 2007		16,876,724	13,469,650	3,844,927	3,610,287
Increase (Decrease) in reserve for inventory		(14,604)	(80)	24,190	(4,268)
June 30, 2008	$	16,295,065	16,876,724	13,469,650	3,844,927

*SOURCE - PRIOR YEAR AUDIT REPORTS

INTERNAL CONTROL AND COMPLIANCE REPORTS

FORTENBERRY & BALLARD, PC
Certified Public Accountant

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
Long Beach School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Long Beach School District as of and for the year ended June 30, 2008, which collectively comprise Long Beach School District's basic financial statements and have issued our report thereon dated December 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

Compliance and Other Matters
As part of obtaining reasonable assurance about whether 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 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 our audit and, accordingly, we do not express such an

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opinion. The results of our 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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
December 10, 2008

Certified Public Accountants

FORTENBERRY & BALLARD, 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
Long Beach School District

Compliance

We have audited the compliance of the Long Beach 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, 2008. The school district's major federal programs are identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contract and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

In our opinion, the Long Beach 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, 2008.

Internal Control Over Compliance

The management of the Long Beach 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing

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their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
December 10, 2008

Certified Public Accountants

FORTENBERRY & BALLARD, PC
Certified Public Accountant

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

Superintendent and School Board
Long Beach School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Long Beach School District as of and for the year ended June 30, 2008, which collectively comprise Long Beach School District's basic financial statements and have issued our report thereon dated December 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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

The results of our procedures 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 $923 of classroom supply funds carried over from previous years.

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

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC — Certified Public Accountants
December 10, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Long Beach School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

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 weaknesses identified? No.
   b. Significant deficiency(ies) 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. Significant deficiency(ies) 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. Hurricane Education Recovery
      CFDA# 84.938

   b. Disaster Grant - Public Assistance
      CFDA# 97.036

   c. Drug Free Communities Support Program Grants
      CFDA# 93.276

   d. Community Disaster Loan
      CFDA# 97.030

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.