



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR

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GRENADA SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2003

GRENADA SCHOOL DISTRICT

TABLE OF CONTENTS

FINANCIAL AUDIT REPORT 1

 Independent Auditor's Report on the Basic Financial Statements and Supplemental Information 3

MANAGEMENT'S DISCUSSION AND ANALYSIS 5

FINANCIAL STATEMENTS 25

 Statement of Net Assets 27

 Statement of Activities 28

 Balance Sheet - Governmental Funds 29

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

 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 31

 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in
 Fund Balances to the Statement of Activities 32

 Statement of Fiduciary Net Assets 33

 Notes to Financial Statements 34

REQUIRED SUPPLEMENTARY INFORMATION 49

 Budgetary Comparison Schedule - General Fund 51

 Budgetary Comparison Schedule - Title I Fund 52

 Budgetary Comparison Schedule - Sixteenth Section Interest Fund 53

 Notes to the Required Supplementary Information 54

SUPPLEMENTAL INFORMATION 55

 Schedule of Expenditures of Federal Awards 56

REPORTS ON COMPLIANCE AND INTERNAL CONTROL 59

 Independent Auditor's Report on Compliance and Internal Control over Financial Reporting Based on an
 Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* 61

 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 63

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS 65

 Independent Auditor's Report on Compliance with State Laws and Regulations 67

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 69

AUDITEE'S CORRECTIVE ACTION PLAN 73

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GRENADA SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

GRENADA SCHOOL DISTRICT

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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

Superintendent and School Board
Grenada School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Grenada School District as of and for the year ended June 30, 2003, which collectively comprise the Grenada School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Grenada 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 Grenada School District, as of June 30, 2003, 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.

As described in Note 2 to the financial statements, during the year ended June 30, 2003, the district implemented a new financial reporting model as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

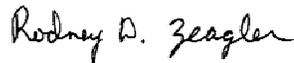
In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2003, on our consideration of the Grenada School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 7 through 23 and the Budgetary Comparison Schedule and corresponding notes on pages 51 through 54 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 Grenada School District's basic financial statements. The 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. 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.



PHIL BRYANT
State Auditor



RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance Audit Division

November 26, 2003

GRENADA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

GRENADA SCHOOL DISTRICT

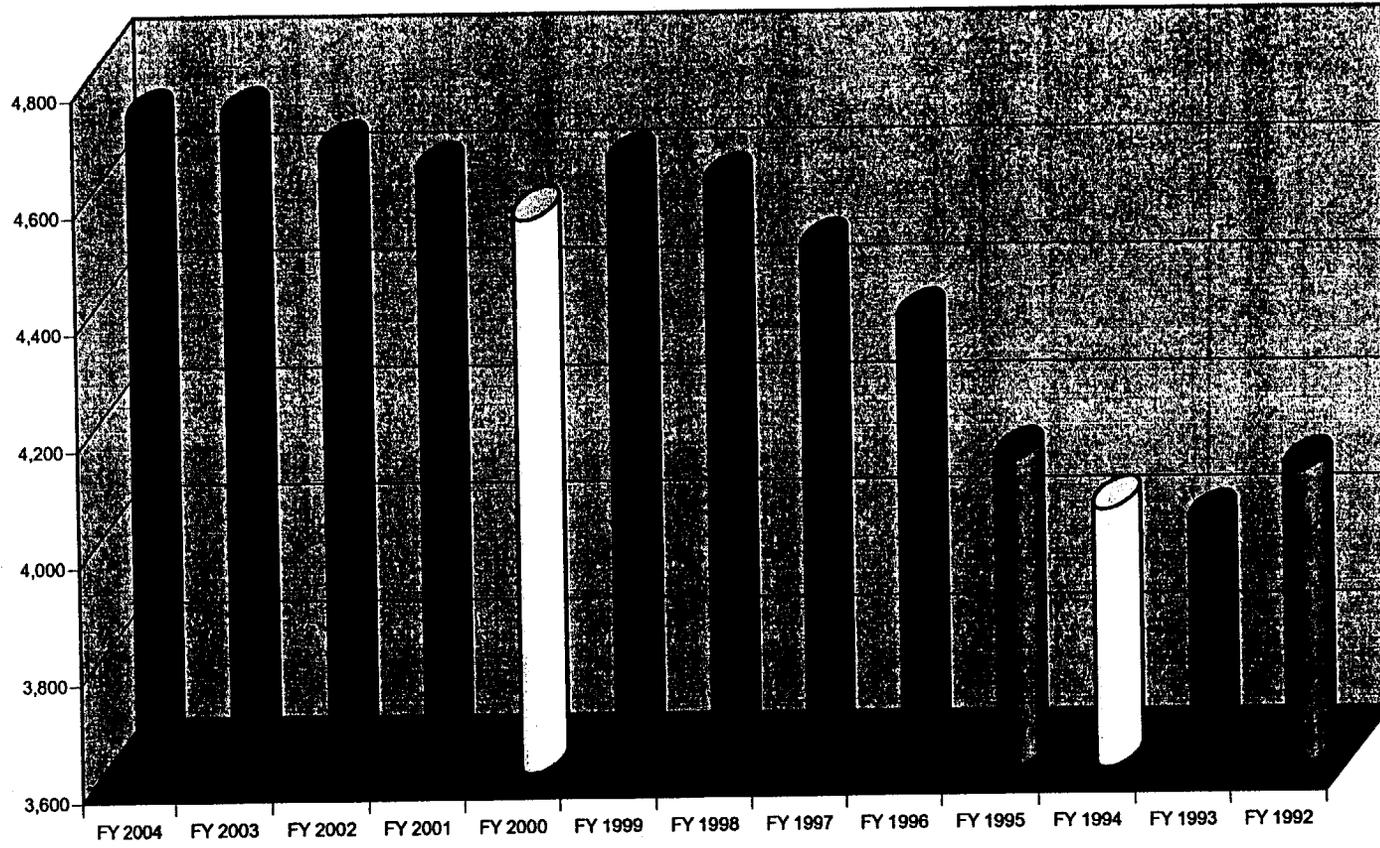
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**GRENADA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2003**

The discussion and analysis of Grenada School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2003. 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. However, since this is the first year of implementation of the new reporting model contained in GASB Statement No. 34, the Statement permits the omission of prior year data in the year of implementation. The School District has elected not to present comparative data.

The Grenada School District's enrollment at the end of the first month of the 2003-2004 school year was 4,719 students. This enrollment reflects an increase of 73 students over the first month of the 2002-2003 school year. Since 1992, the school district's enrollment has increased by 612 students (Chart 1). The most current data available for all school districts in Mississippi (School year 2001-2002) reveals the Grenada School District as the state's 24th largest school district. The Grenada School District is a special municipal school district. Though the district encompasses the entire county, all of the school buildings are located within the city of Grenada. The Grenada School District is the only public school district in Grenada County.



**GRENADA SCHOOL DISTRICT ENROLLMENT HISTORY
CHART 1**

FINANCIAL HIGHLIGHTS

- Total net assets increased \$ 2,451,885, which represents 11% increase from fiscal year 2002. The increase is reflected primary in cash and other deposits. This is due to an increase level of state funding under the Mississippi Adequate Education Program.
- General revenues account for \$ 7,698,005 in revenue, or 27% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$ 20,411,387 or 73% of total revenues.
- The district had \$ 25,657,507 in expenses; only \$ 20,411,387 of these expenses was offset by program specific charges for services, grants, and contributions. General revenues of \$ 7,698,005 were adequate to provide for these programs.
- Among major funds, the General Fund had \$ 20,871,432 in revenues and \$ 18,973,825 in expenditures. The General Fund's fund balance increased \$ 1,140,916 over the prior year. The increase was due primarily to an increase level of state funding under the Mississippi Adequate Education Program.
- Capital assets, net of accumulated depreciation, decreased by \$ 1,325,380. This decrease is due to an increase in accumulated depreciation.
- Long-term debt decreased by \$ 883,765. This decrease is due to the fact that annual payments were made to decrease existing debt, as well as the fact that no new debt was issued during fiscal year 2003.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. 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.

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts* issued by the Mississippi Office of the State Auditor. 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.

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.

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.

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.

Additionally, a schedule of expenditures of federal awards is included in this report is required by OMB Cir.A-133.

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 \$ 25,129,958 as of June 30, 2003.

By far the largest portion of the District's net assets (71%) reflects its investment in capital assets (e.g., land building, 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, 2003.

| | |
|---|----------------------|
| Current assets | \$ 9,978,412 |
| Capital assets, net | \$ 25,220,758 |
| Total Assets | \$ 35,199,170 |
| Current liabilities | \$ 966,389 |
| Long-term debit outstanding | \$ 9,102,822 |
| Total Liabilities | \$10,069,211 |
| Net assets: | |
| Invested in capital assets, net of related debt | 16,369,237 |
| Restricted | 6,228,318 |
| Unrestricted | 2,532,403 |
| Total Net Assets | \$25,129,958 |
| | |
| | |

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

- The principal retirement of \$ 890,000 of long-term debt.
- The addition of \$ 116,038 in capital assets from the construction in progress of a new school building. This new facility will be for use by ninth grade students.

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2003 were \$ 28,109,392. The total cost of all programs and services was \$ 25,657,507. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2003.

| | |
|-----------------------------------|---------------------|
| Revenues: | |
| Program revenues | \$20,411,387 |
| General revenues | 7,698,005 |
| Total revenues | <u>\$28,109,392</u> |
| Expenses: | |
| Instruction | 19,375,809 |
| Support services | 8,160,983 |
| Non-instructional | 1,567,807 |
| Sixteenth Section | 82,442 |
| Interest on long-term liabilities | 470,589 |
| Total expenses | <u>25,657,507</u> |
| Increase in Net Assets | 2,451,885 |
| | |
| | |

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.

| | Total Expenses | Net (Expense) Revenue |
|-----------------------------------|---------------------------|----------------------------------|
| Instruction | 19,375,809 | 2,579,318 |
| Support Services | 8,160,983 | (6,909,640) |
| Non-instructional | 1,567,807 | (438,205) |
| Sixteenth Section | 82,442 | (7,127) |
| Interest on long-term liabilities | 470,589 | (470,589) |
| Total Expenses | 25,657,507 | (5,246,120) |
| | | |

- Net cost of governmental activities (\$ 5,246,120), was financed by general revenue, which is made up of primarily property taxes (\$ 5,624,685) and state revenue (\$ 813,329).
- Investment earnings accounted for \$ 350,574 of funding.

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 \$ 9,862,602, an increase of \$ 2,037,701 due primarily to an increased level of state funding under the Mississippi Adequate Education Program. \$ 9,656,737 or 71% of the fund balance constitutes unreserved and undesignated fund balance, which available for spending at the District's discretion. The remaining fund balance of \$ 205,865 or 29% 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 \$ 1,140,916 a result of and increased level of state funding under the Mississippi Adequate Education Program. The fund balance of Other Governmental Funds reflected an increase due primarily to additional federal revenue available from various federal programs.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget. A primary reason for amending the budget was:

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

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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2003, the District's total capital assets were \$ 33,451,862 including school buildings, buses, other school vehicles and furniture and equipment. This amount represents a decrease of \$ 696,341 from the previous year. Total accumulated depreciation as of June 30, 2003 was \$ 8,466,042 and total depreciation expense for the year was \$ 811,627, resulting in total net assets of \$ 25,220,759.

Additional information of the District's capital assets can be found in the Notes to the Financial Statements.

Debt Administration. At June 30, 2003, the District had \$ 9,635,000 in general obligation bonds and other long-term debt outstanding, of which \$ 720,000 is due within one year.

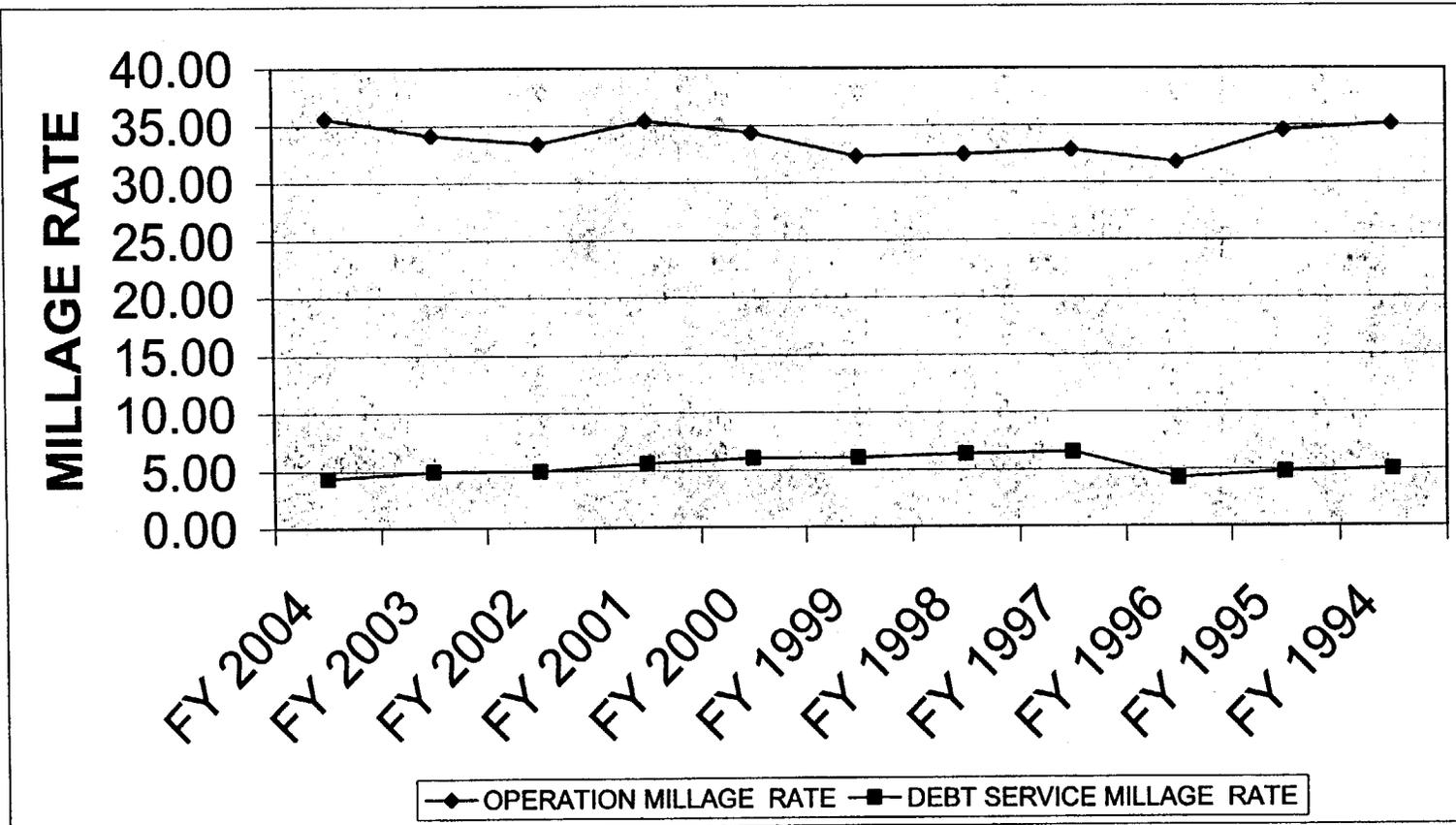
The District maintains an AA bond rating.

Additional information of the District's long-term debt can be found in the notes to the Financial Statements.

CURRENT ISSUES

The Grenada School District has committed itself to financial excellence for many years. This is evident by the fact that the "Certificate Recognizing Achievement in Financial Reporting" and the "Certificate Recognizing Achievement in Fixed Asset Management", issued by the Office of the State Auditor, has been awarded to the school district each year it has been available. The District's system of financial planning, budgeting, and internal financial controls are well regarded.

The Grenada School District is sensitive to the effects of increased taxation upon the citizens of Grenada County. This is evident by the fact that the ad valorem taxation millage rate for operational purposes has ranged from 35.13 mills in fiscal year 1994 to 35.57 mills in fiscal year 2004. This reflects an increase of only .44 mills in ten years (Chart 2). An even closer observance will reveal that the total ad valorem taxation millage rate, which includes debt service, has actually decreased by .21 mills (Chart 2).



**GRENADA SCHOOL DISTRICT
ADVALOREM TAX MILLAGE HISTORY
CHART 2**

Each year the Grenada School District conducts a statewide industry analysis to determine how the school district ranks in comparison to other comparable school districts. This analysis is done by using enrollment, assessed valuation of property within the district, and ad valorem taxation millage rates. A comparison of fiscal year 2003 data, the most current data available for all school districts in Mississippi, reveals that while the Grenada School District ranks fifth and eighth in enrollment and assessed valuation, it ranks third in maintaining the lowest total millage rate and first in maintaining the lowest operational millage rate (Tables 1 – 4).

**GRENADA SCHOOL DISTRICT
AD VALOREM TAX MILLAGE / ASSESSED VALUATION / ENROLLMENT COMPARISON
OF
SELECT SCHOOL DISTRICTS**

TABLE 1

| <u>GROUP RANK</u> | <u>SCHOOL DISTRICT</u> | <u>FY 2003 OPERATING MILLAGE RATE</u> | <u>FY 2003 DEBT SERVICE MILLAGE RATE</u> | <u>FY 2003 TOTAL MILLAGE RATE</u> | <u>ENROLLMENT</u> | <u>FY 2003 ASSESSED VALUATION</u> |
|-------------------|------------------------|---------------------------------------|--|-----------------------------------|-------------------|-----------------------------------|
| 1 | GRENADA | 34.14 | 4.96 | 39.10 | 4651 | 162,396,198 |
| 2 | HANCOCK COUNTY | 35.07 | 12.57 | 47.64 | 4282 | 212,542,698 |
| 3 | ALCORN COUNTY | 36.00 | 3.00 | 39.00 | 3795 | 122,550,377 |
| 4 | SIMPSON COUNTY | 36.19 | 0.00 | 36.19 | 4384 | 131,186,912 |
| 5 | OXFORD | 36.85 | 7.20 | 44.05 | 2986 | 193,116,152 |
| 6 | SOUTH PANOLA | 40.92 | 1.22 | 42.14 | 4505 | 127,428,515 |
| 7 | WEST POINT | 41.00 | 6.40 | 47.40 | 3563 | 110,262,495 |
| 8 | NATCHEZ-ADAMS | 45.21 | 2.25 | 47.46 | 4820 | 207,444,141 |
| 9 | CLINTON | 45.51 | 6.31 | 51.82 | 4831 | 201,899,891 |
| 10 | CLEVELAND | 45.97 | 2.07 | 48.04 | 3767 | 126,630,957 |
| 11 | BROOKHAVEN | 45.98 | 12.16 | 58.14 | 2990 | 129,254,896 |
| 12 | PEARL | 48.05 | 10.15 | 58.20 | 3679 | 138,470,280 |
| 13 | STARKVILLE | 50.38 | 8.48 | 58.86 | 3944 | 183,400,211 |
| 14 | LONG BEACH | 51.74 | 3.85 | 55.59 | 3471 | 106,568,100 |
| 15 | LAUREL | 53.00 | 5.01 | 58.01 | 3112 | 143,208,787 |
| 16 | PETAL | 53.42 | 3.66 | 57.08 | 3636 | 101,918,282 |
| 17 | PICAYUNE | 54.00 | 7.89 | 61.89 | 3785 | 115,896,300 |
| 18 | OCEAN SPRINGS | 55.03 | 7.19 | 62.22 | 4934 | 181,364,520 |
| 19 | HATTISBURG | 58.30 | 7.08 | 65.38 | 4758 | 208,893,762 |
| 20 | MOSS POINT | 62.40 | 7.50 | 69.90 | 4271 | 125,243,641 |

SORTED BY OPERATING MILLAGE RATE

ENROLLMENT REFLECTS DATA FROM THE 2003 SUPERINTENDENT'S ANNUAL REPORT, WHICH IS FOR SCHOOL YEAR 2001 - 2002. THIS REFLECTS THE MOST CURRENT DATA AVAILABLE FOR ALL SCHOOL DISTRICTS.

SCHOOL DISTRICTS WERE SELECTED BASED UPON HAVING AN ASSESSED VALUATION OF BETWEEN \$100,000,000 AND \$215,000,000 AND AN ENROLLMENT OF BETWEEN 2900 AND 5000 STUDENTS.

**GRENADA SCHOOL DISTRICT
AD VALOREM TAX MILLAGE / ASSESSED VALUATION / ENROLLMENT COMPARISON
OF
SELECT SCHOOL DISTRICTS**

TABLE 2

| <u>GROUP RANK</u> | <u>SCHOOL DISTRICT</u> | <u>FY 2003 OPERATING MILLAGE RATE</u> | <u>FY 2003 DEBT SERVICE MILLAGE RATE</u> | <u>FY 2003 TOTAL MILLAGE RATE</u> | <u>ENROLLMENT</u> | <u>FY 2003 ASSESSED VALUATION</u> |
|-------------------|------------------------|---------------------------------------|--|-----------------------------------|-------------------|-----------------------------------|
| 1 | SIMPSON COUNTY | 36.19 | 0.00 | 36.19 | 4384 | 131,186,912 |
| 2 | ALCORN COUNTY | 36.00 | 3.00 | 39.00 | 3795 | 122,550,377 |
| 3 | GRENADA | 34.14 | 4.96 | 39.10 | 4651 | 162,396,198 |
| 4 | SOUTH PANOLA | 40.92 | 1.22 | 42.14 | 4505 | 127,428,515 |
| 5 | OXFORD | 36.85 | 7.20 | 44.05 | 2986 | 193,116,152 |
| 6 | WEST POINT | 41.00 | 6.40 | 47.40 | 3563 | 110,262,495 |
| 7 | NATCHEZ-ADAMS | 45.21 | 2.25 | 47.46 | 4820 | 207,444,141 |
| 8 | HANCOCK COUNTY | 35.07 | 12.57 | 47.64 | 4282 | 212,542,698 |
| 9 | CLEVELAND | 45.97 | 2.07 | 48.04 | 3767 | 126,630,957 |
| 10 | CLINTON | 45.51 | 6.31 | 51.82 | 4831 | 201,899,891 |
| 11 | LONG BEACH | 51.74 | 3.85 | 55.59 | 3471 | 106,568,100 |
| 12 | PETAL | 53.42 | 3.66 | 57.08 | 3636 | 101,918,282 |
| 13 | LAUREL | 53.00 | 5.01 | 58.01 | 3112 | 143,208,787 |
| 14 | BROOKHAVEN | 45.98 | 12.16 | 58.14 | 2990 | 129,254,896 |
| 15 | PEARL | 48.05 | 10.15 | 58.20 | 3679 | 138,470,280 |
| 16 | STARKVILLE | 50.38 | 8.48 | 58.86 | 3944 | 183,400,211 |
| 17 | PICAYUNE | 54.00 | 7.89 | 61.89 | 3785 | 115,896,300 |
| 18 | OCEAN SPRINGS | 55.03 | 7.19 | 62.22 | 4934 | 181,364,520 |
| 19 | HATTISBURG | 58.30 | 7.08 | 65.38 | 4758 | 208,893,762 |
| 20 | MOSS POINT | 62.40 | 7.50 | 69.90 | 4271 | 125,243,641 |

SORTED BY TOTAL MILLAGE RATE

ENROLLMENT REFLECTS DATA FROM THE 2003 SUPERINTENDENT'S ANNUAL REPORT, WHICH IS FOR SCHOOL YEAR 2001 - 2002. THIS REFLECTS THE MOST CURRENT DATA AVAILABLE FOR ALL SCHOOL DISTRICTS.

SCHOOL DISTRICTS WERE SELECTED BASED UPON HAVING AN ASSESSED VALUATION OF BETWEEN \$100,000,000 AND \$215,000,000 AND AN ENROLLMENT OF BETWEEN 2900 AND 5000 STUDENTS.

**GRENADA SCHOOL DISTRICT
AD VALOREM TAX MILLAGE / ASSESSED VALUATION / ENROLLMENT COMPARISON
OF
SELECT SCHOOL DISTRICTS**

TABLE 3

| <u>GROUP RANK</u> | <u>SCHOOL DISTRICT</u> | <u>FY 2003 OPERATING MILLAGE RATE</u> | <u>FY 2003 DEBT SERVICE MILLAGE RATE</u> | <u>FY 2003 TOTAL MILLAGE RATE</u> | <u>ENROLLMENT</u> | <u>FY 2003 ASSESSED VALUATION</u> |
|-------------------|------------------------|---------------------------------------|--|-----------------------------------|-------------------|-----------------------------------|
| 1 | OCEAN SPRINGS | 55.03 | 7.19 | 62.22 | 4934 | 181,364,520 |
| 2 | CLINTON | 45.51 | 6.31 | 51.82 | 4831 | 201,899,891 |
| 3 | NATCHEZ-ADAMS | 45.21 | 2.25 | 47.46 | 4820 | 207,444,141 |
| 4 | HATTISBURG | 58.30 | 7.08 | 65.38 | 4758 | 208,893,762 |
| 5 | GRENADA | 34.14 | 4.96 | 39.10 | 4651 | 162,396,198 |
| 6 | SOUTH PANOLA | 40.92 | 1.22 | 42.14 | 4505 | 127,428,515 |
| 7 | SIMPSON COUNTY | 36.19 | 0.00 | 36.19 | 4384 | 131,186,912 |
| 8 | HANCOCK COUNTY | 35.07 | 12.57 | 47.64 | 4282 | 212,542,698 |
| 9 | MOSS POINT | 62.40 | 7.50 | 69.90 | 4271 | 125,243,641 |
| 10 | STARKVILLE | 50.38 | 8.48 | 58.86 | 3944 | 183,400,211 |
| 11 | ALCORN COUNTY | 36.00 | 3.00 | 39.00 | 3795 | 122,550,377 |
| 12 | PICAYUNE | 54.00 | 7.89 | 61.89 | 3785 | 115,896,300 |
| 13 | CLEVELAND | 45.97 | 2.07 | 48.04 | 3767 | 126,630,957 |
| 14 | PEARL | 48.05 | 10.15 | 58.20 | 3679 | 138,470,280 |
| 15 | PETAL | 53.42 | 3.66 | 57.08 | 3636 | 101,918,282 |
| 16 | WEST POINT | 41.00 | 6.40 | 47.40 | 3563 | 110,262,495 |
| 17 | LONG BEACH | 51.74 | 3.85 | 55.59 | 3471 | 106,568,100 |
| 18 | LAUREL | 53.00 | 5.01 | 58.01 | 3112 | 143,208,787 |
| 19 | BROOKHAVEN | 45.98 | 12.16 | 58.14 | 2990 | 129,254,896 |
| 20 | OXFORD | 36.85 | 7.20 | 44.05 | 2986 | 193,116,152 |

SORTED BY TOTAL ENROLLMENT

ENROLLMENT REFLECTS DATA FROM THE 2003 SUPERINTENDENT'S ANNUAL REPORT, WHICH IS FOR SCHOOL YEAR 2001 - 2002. THIS REFLECTS THE MOST CURRENT DATA AVAILABLE FOR ALL SCHOOL DISTRICTS.

SCHOOL DISTRICTS WERE SELECTED BASED UPON HAVING AN ASSESSED VALUATION OF BETWEEN \$100,000,000 AND \$215,000,000 AND AN ENROLLMENT OF BETWEEN 2900 AND 5000 STUDENTS.

**GRENADA SCHOOL DISTRICT
AD VALOREM TAX MILLAGE / ASSESSED VALUATION / ENROLLMENT COMPARISON
OF
SELECT SCHOOL DISTRICTS**

TABLE 4

| <u>GROUP RANK</u> | <u>SCHOOL DISTRICT</u> | FY 2003 | FY 2003 | FY 2003 | <u>ENROLLMENT</u> | FY 2003 |
|-------------------|------------------------|-------------------------------|----------------------------------|---------------------------|-------------------|---------------------------|
| | | <u>OPERATING MILLAGE RATE</u> | <u>DEBT SERVICE MILLAGE RATE</u> | <u>TOTAL MILLAGE RATE</u> | | <u>ASSESSED VALUATION</u> |
| 1 | HANCOCK COUNTY | 35.07 | 12.57 | 47.64 | 4282 | 212,542,698 |
| 2 | HATTISBURG | 58.30 | 7.08 | 65.38 | 4758 | 208,893,762 |
| 3 | NATCHEZ-ADAMS | 45.21 | 2.25 | 47.46 | 4820 | 207,444,141 |
| 4 | CLINTON | 45.51 | 6.31 | 51.82 | 4831 | 201,899,891 |
| 5 | OXFORD | 36.85 | 7.20 | 44.05 | 2986 | 193,116,152 |
| 6 | STARKVILLE | 50.38 | 8.48 | 58.86 | 3944 | 183,400,211 |
| 7 | OCEAN SPRINGS | 55.03 | 7.19 | 62.22 | 4934 | 181,364,520 |
| 8 | GRENADA | 34.14 | 4.96 | 39.10 | 4651 | 162,396,198 |
| 9 | LAUREL | 53.00 | 5.01 | 58.01 | 3112 | 143,208,787 |
| 10 | PEARL | 48.05 | 10.15 | 58.20 | 3679 | 138,470,280 |
| 11 | SIMPSON COUNTY | 36.19 | 0.00 | 36.19 | 4384 | 131,186,912 |
| 12 | BROOKHAVEN | 45.98 | 12.16 | 58.14 | 2990 | 129,254,896 |
| 13 | SOUTH PANOLA | 40.92 | 1.22 | 42.14 | 4505 | 127,428,515 |
| 14 | CLEVELAND | 45.97 | 2.07 | 48.04 | 3767 | 126,630,957 |
| 15 | MOSS POINT | 62.40 | 7.50 | 69.90 | 4271 | 125,243,641 |
| 16 | ALCORN COUNTY | 36.00 | 3.00 | 39.00 | 3795 | 122,550,377 |
| 17 | PICAYUNE | 54.00 | 7.89 | 61.89 | 3785 | 115,896,300 |
| 18 | WEST POINT | 41.00 | 6.40 | 47.40 | 3563 | 110,262,495 |
| 19 | LONG BEACH | 51.74 | 3.85 | 55.59 | 3471 | 106,568,100 |
| 20 | PETAL | 53.42 | 3.66 | 57.08 | 3636 | 101,918,282 |

SORTED BY ASSESSED VALUATION

ENROLLMENT REFLECTS DATA FROM THE 2003 SUPERINTENDENT'S ANNUAL REPORT, WHICH IS FOR SCHOOL YEAR 2001 - 2002. THIS REFLECTS THE MOST CURRENT DATA AVAILABLE FOR ALL SCHOOL DISTRICTS.

SCHOOL DISTRICTS WERE SELECTED BASED UPON HAVING AN ASSESSED VALUATION OF BETWEEN \$100,000,000 AND \$215,000,000 AND AN ENROLLMENT OF BETWEEN 2900 AND 5000 STUDENTS.

The Grenada School District plans to continue its sound 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 Grenada School District, P O Box 1940, 1855 Jackson Avenue, Grenada, Mississippi, 38901.

GRENADA SCHOOL DISTRICT

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GRENADA SCHOOL DISTRICT

FINANCIAL STATEMENTS

GRENADA SCHOOL DISTRICT

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GRENADA SCHOOL DISTRICT
Statement of Net Assets
June 30, 2003

Exhibit A

| | Primary Government |
|---|------------------------------------|
| | <u>Governmental Activities</u> |
| Assets | |
| Cash and cash equivalents | \$ 8,533,847 |
| Cash with fiscal agents | 236 |
| Investments | 168,694 |
| Due from other governments | 857,027 |
| Other receivables, net | 192,458 |
| Inventories and prepaid items | 34,761 |
| Restricted assets | 191,388 |
| Capital assets, net | <u>25,220,759</u> |
| Total Assets | <u>35,199,170</u> |
| Liabilities | |
| Accounts payable and accrued liabilities | 84,722 |
| Deferred revenue | 31,087 |
| Interest payable on long-term liabilities | 130,580 |
| Long-term liabilities, due within one year | |
| Capital related liabilities | 720,000 |
| Long-term liabilities, due beyond one year | |
| Capital related liabilities | 8,915,000 |
| Non-capital related liabilities | <u>187,822</u> |
| Total Liabilities | <u>10,069,211</u> |
| Net Assets | |
| Investment in capital assets, net of related debt | 16,369,238 |
| Restricted net assets: | |
| Expendable: | |
| School-based activities | 5,021,664 |
| Debt service | 779,007 |
| Forestry improvements | 114,488 |
| Unemployment benefits | 121,771 |
| Non-expendable: | |
| Sixteenth section | 191,388 |
| Unrestricted | <u>2,532,403</u> |
| Total Net Assets | \$ <u><u>25,129,959</u></u> |

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

GRENADA SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2003

Exhibit B

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) |
|--|----------------------|----------------------|------------------------------------|----------------------------------|-----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Assets |
| | | | | | Governmental Activities |
| Governmental activities: | | | | | |
| Instruction | \$ 15,375,809 | 494,434 | 16,906,557 | 554,136 | 2,579,318 |
| Support services | 8,160,983 | 380,604 | 870,739 | | (6,909,640) |
| Non-instructional | 1,567,685 | | 1,129,602 | | (438,083) |
| Sixteenth section | 82,441 | 75,315 | | | (7,126) |
| Interest on long-term liabilities | 470,589 | | | | (470,589) |
| Total Governmental Activities | \$ 25,657,507 | 950,353 | 18,906,898 | 554,136 | (5,246,120) |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| | | | | | 4,869,723 |
| | | | | | 754,912 |
| Unrestricted grants and contributions: | | | | | |
| | | | | | 813,329 |
| | | | | | 276,870 |
| | | | | | 350,574 |
| | | | | | 590,158 |
| | | | | | 42,439 |
| | | | | | <u>7,698,005</u> |
| | | | | | <u>2,451,885</u> |
| | | | | | <u>22,678,074</u> |
| | | | | | <u>\$ 25,129,959</u> |

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

GRENADA SCHOOL DISTRICT
 Balance Sheet - Governmental Funds
 June 30, 2003

Exhibit C

| | Major Funds | | | | |
|--|---------------------|----------------|---------------------------------|--------------------------|--------------------------|
| | General Fund | Title I Fund | Sixteenth Section Interest Fund | Other Governmental Funds | Total Governmental Funds |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,791,129 | | 4,404,960 | 2,337,758 | 8,533,847 |
| Cash with fiscal agents | | | | 236 | 236 |
| Investments | | | | 360,082 | 360,082 |
| Due from other governments | 282,847 | 133,413 | | 440,767 | 857,027 |
| Due from other funds | 403,138 | | | 346 | 403,484 |
| Advance to other funds | 150,000 | | | 21,104 | 171,104 |
| Inventories and prepaid items | | | | 34,761 | 34,761 |
| Total Assets | \$ 2,627,114 | 133,413 | 4,404,960 | 3,195,054 | 10,360,541 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | \$ 57,508 | 1,635 | 2,164 | 23,415 | 84,722 |
| Due to other funds | | 131,778 | | 250,352 | 382,130 |
| Deferred revenue | | | | 31,087 | 31,087 |
| Total Liabilities | 57,508 | 133,413 | 2,164 | 304,854 | 497,939 |
| Fund Balances: | | | | | |
| Reserved for: | | | | | |
| Advances | 150,000 | | | 21,104 | 171,104 |
| Inventory | | | | 34,761 | 34,761 |
| Unreserved: | | | | | |
| Undesignated, reported in: | | | | | |
| General Fund | 2,419,606 | | | | 2,419,606 |
| Special Revenue Funds | | | 4,402,796 | 990,650 | 5,393,446 |
| Capital Projects Funds | | | | 783,479 | 783,479 |
| Debt Service Funds | | | | 909,587 | 909,587 |
| Permanent Funds | | | | 150,619 | 150,619 |
| Total Fund Balances | 2,569,606 | 0 | 4,402,796 | 2,890,200 | 9,862,602 |
| Total Liabilities and Fund Balances | \$ 2,627,114 | 133,413 | 4,404,960 | 3,195,054 | 10,360,541 |

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

GRENADA SCHOOL DISTRICT
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
 June 30, 2003

Exhibit C-1

| | <u>Amount</u> |
|---|----------------------|
| Total Fund Balance - Governmental Funds | \$ 9,862,602 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| 1. Capital assets are used in governmental activities, but are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$8,466,041. | 25,220,759 |
| 2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds. | <u>(9,953,402)</u> |
| Total Net Assets - Governmental Activities | <u>\$ 25,129,959</u> |

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

GRENADA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2003

Exhibit D

| | Major Funds | | | | Total Governmental Funds |
|--|---------------------|-----------------|---------------------------------------|--------------------------------|--------------------------------|
| | General Fund | Title I Fund | Sixteenth Section Interest Fund | Other Governmental Funds | |
| Revenues: | | | | | |
| Local sources | \$ 5,603,345 | | | 1,203,166 | 6,806,511 |
| State sources | 14,987,577 | | | 1,542,387 | 16,529,964 |
| Federal sources | 280,509 | 839,762 | | 2,854,467 | 3,974,738 |
| Sixteenth section sources | | | 623,328 | 158,022 | 781,350 |
| Total Revenues | 20,871,431 | 839,762 | 623,328 | 5,758,042 | 28,092,563 |
| Expenditures: | | | | | |
| Instruction | 11,880,627 | 529,753 | | 2,423,641 | 14,834,021 |
| Support services | 7,084,074 | 254,196 | | 760,364 | 8,098,634 |
| Noninstructional services | 9,123 | 32,941 | | 1,525,079 | 1,567,143 |
| Sixteenth section | | | 57,344 | 25,097 | 82,441 |
| Facilities acquisition and construction | | | | 116,038 | 116,038 |
| Debt service: | | | | | |
| Principal | | | | 890,000 | 890,000 |
| Interest | | | | 477,535 | 477,535 |
| Other | | | | 5,999 | 5,999 |
| Total Expenditures | 18,973,824 | 816,890 | 57,344 | 6,223,753 | 26,071,811 |
| Excess (Deficiency) of Revenues over Expenditures | 1,897,607 | 22,872 | 565,984 | (465,711) | 2,020,752 |
| Other Financing Sources (Uses): | | | | | |
| Insurance loss recoveries | 16,829 | | | | 16,829 |
| Sale of other property | 120 | | | | 120 |
| Operating transfers in | 178,045 | | 492,369 | 1,155,679 | 1,826,093 |
| Operating transfers out | (951,684) | (22,872) | (419,300) | (432,237) | (1,826,093) |
| Total Other Financing Sources (Uses) | (756,690) | (22,872) | 73,069 | 723,442 | 16,949 |
| Net Change in Fund Balances | 1,140,917 | 0 | 639,053 | 257,731 | 2,037,701 |
| Fund Balances: | | | | | |
| July 1, 2002 | 1,428,689 | | 3,763,743 | 2,629,062 | 7,821,494 |
| Increase in reserve for inventory | | | | 3,407 | 3,407 |
| June 30, 2003 | \$ 2,569,606 | 0 | 4,402,796 | 2,890,200 | 9,862,602 |

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

GRENADA SCHOOL DISTRICT
 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, 2003

Exhibit D-1

| | <u>Amount</u> |
|---|---------------------|
| Net Change in Fund Balances - Governmental Funds | \$ 2,037,701 |
| 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 asset purchase amounted to \$337,707 and the depreciation expense amounted to \$811,627. | (473,920) |
| 2. 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 activity. | 890,000 |
| 3. 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. | 12,946 |
| 4. Proceeds from the sale of assets are reported in the governmental funds as revenues, but only the gain or loss on the sale of assets is reported in the statement of activities. | (120) |
| 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. | (11,893) |
| 6. Increase in the inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are increased in the statement of activities. | 3,407 |
| 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 | <u>(6,236)</u> |
| Change in Net Assets of Governmental Activities | <u>\$ 2,451,885</u> |

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

GRENADA SCHOOL DISTRICT
Statement of Fiduciary Net Assets
June 30, 2003

Exhibit E

| | | <u>Agency Funds</u> |
|--|----|-------------------------|
| Assets | | |
| Cash and cash equivalents | \$ | <u>1,273,674</u> |
| Total Assets | \$ | <u><u>1,273,674</u></u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | \$ | 1,025,490 |
| Due to other funds | | 21,354 |
| Advances from other funds | | 171,104 |
| Due to student clubs | | <u>55,726</u> |
| Total Liabilities | \$ | <u><u>1,273,674</u></u> |

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

GRENADA SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2003

(1) Summary of Significant Accounting Policies.

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

A. Financial Reporting Entity.

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

The Grenada School District Leasing Authority ("the Authority") as explained in the following paragraph is considered to be a blended component unit as determined by Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* and is included in the district's reporting entity.

The Authority is governed by a six member board which was appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, equity, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district. See Note 12.

B. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the school district as a whole. They include all 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:

GRENADA SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2003

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/expenses. 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. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. 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.

Title I Fund - This is the school district's federal reimbursable fund that serves to fund remedial math and reading services to low-income, program eligible students.

Sixteenth Section Interest Fund - This fund serves to collect expendable sixteenth section revenues from various sixteenth section sources. Expendable revenues from this fund are either shared with other school districts or transferred to the district's General Fund per specific statutory board order.

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.

GRENADA SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2003

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.

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

FIDUCIARY FUNDS

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

D. Account Classifications.

The account classifications used in the financial statements conform to the classifications prescribed in the *Financial Accounting Manual for Mississippi Public School Districts* issued by the Office of the State Auditor. The classifications in that manual 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 consists of amounts on deposit 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.

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 costs of such items are accounted for as expenditures in the period of acquisition.

GRENADA SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2003

I. Capital Assets.

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 5 for details.

J. Long-term liabilities.

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

K. Interfund Transactions and Balances.

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

Short-term (due within one year) interfund loan receivables are reported as "due from other funds" and are considered available expendable resources. Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

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

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

GRENADA SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2003

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

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

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.

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.

GRENADA SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2003

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 only the compensated absence liability payable from expendable available financial resources.

(2) Changes in Accounting Principles and Restatement of Fund Balance.

For the fiscal year ended June 30, 2003, the school district implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

At June 30, 2003, there was no effect on fund balances as a result of implementing GASB Statements 37 and 38.

GASB Statement No. 34 creates new basic financial statements for reporting on the school district's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements prepared on the modified accrual basis of accounting, which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2002, caused by the conversion to GASB Statement No. 34.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

| | General Fund | Title I Fund | Sixteenth Section Interest Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|-----------------|--|--------------------------------|--------------------------------|
| Fund Balances, June 30, 2002 | | | | | |
| As Originally Presented | \$ 1,428,689 | | | 2,123,590 | 3,552,279 |
| GASB Statement No. 34 Adjustments and Restatements: | | | | | |
| Changes in fund structure | | | <u>3,763,743</u> | <u>505,472</u> | <u>4,269,215</u> |
| Restated Fund Balance, June 30, 2002 | <u>\$ 1,428,689</u> | <u>0</u> | <u>3,763,743</u> | <u>2,629,062</u> | <u>7,821,494</u> |
| GASB Interpretation 6: | | | | | |
| Compensated absences payable | | | | | (181,586) |
| GASB Statement No. 34 Adjustment: | | | | | |
| Capital assets | | | | | 26,546,139 |
| Accrued interest payable | | | | | (143,526) |
| Vocational equipment overstatement | | | | | (865,290) |
| Mobile equipment understatement | | | | | 25,843 |
| Long-term liabilities | | | | | (10,525,000) |
| Governmental Activities Net Assets, June 30, 2002 | | | | | <u>\$ 22,678,074</u> |

GRENADA SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2003

(3) Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments.

Cash and Cash Equivalents.

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

The carrying amount of the school district's deposits with financial institutions was \$9,807,521, and the bank balance was \$10,669,467.

Cash with Fiscal Agents.

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$236.

Investments.

Except for nonparticipating investment contracts and for participating interest-earning investment contracts and money market investments that had a remaining maturity at the time of purchase of one year or less, investments are reported at fair value which is based on quoted market price. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Participating interest-earning investment contracts and money market investments that had a remaining maturity at time of purchase of one year or less are reported at amortized cost.

Investments made by the school district that are included on the balance sheet are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the categories described below:

Category 1 - Insured or registered or for which the securities are held by the school district or its agent in the school district's name.

Category 2 - Uninsured and unregistered for which the securities are held by the broker or dealer's trust department or agent in the school district's name.

Category 3 - Uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the school district's name.

| Investment Type | Category | | | Carrying Amount | Market Value |
|-----------------------------------|----------|----------|----------------|-----------------|----------------|
| | 1 | 2 | 3 | | |
| U.S. Treasury bills | \$ | 156,147 | | 156,147 | 156,147 |
| U.S. Government Agency securities | | 203,935 | | 203,935 | 203,935 |
| Total Investments | \$ | <u>0</u> | <u>360,082</u> | <u>0</u> | <u>360,082</u> |

GRENADA SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2003

(4) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds:

| | Due From | Due To |
|--------------------------|----------------|-------------|
| Governmental funds: | | |
| General Fund | \$ 403,138 | |
| Title I Fund | | 131,778 |
| Other governmental funds | 346 | 250,352 |
| Fiduciary funds | | 21,354 |
| Total | \$ 403,484 | 403,484 |

B. Advances To/From Other Funds:

| | Advances To | Advances From |
|--------------------------|----------------|------------------|
| Governmental funds: | | |
| General Fund | \$ 150,000 | |
| Other governmental funds | 21,104 | |
| Fiduciary funds | | 171,104 |
| Total | \$ 171,104 | 171,104 |

C. Transfers In/Out:

| | Transfer In | Transfers Out |
|---------------------------------|------------------|------------------|
| Governmental funds: | | |
| General Fund | \$ 178,045 | 951,684 |
| Title I Fund | | 22,872 |
| Sixteenth Section Interest Fund | 492,369 | 419,300 |
| Other governmental funds | 1,155,679 | 432,237 |
| Total | \$ 1,826,093 | 1,826,093 |

GRENADA SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2003

(5) Capital Assets.

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

| | <u>Balance</u> <u>7-1-2002</u> | <u>Additions</u> | <u>Retirements</u> | <u>Adjustments</u> | <u>Balance</u> <u>6-30-2003</u> |
|---|-----------------------------------|------------------|--------------------|--------------------|------------------------------------|
| <u>Non-depreciable capital assets:</u> | | | | | |
| Land | \$ 118,900 | | | | 118,900 |
| Construction in progress | | 116,038 | | | 116,038 |
| Total non-depreciable capital assets | <u>118,900</u> | <u>116,038</u> | | | <u>234,938</u> |
| <u>Depreciable capital assets:</u> | | | | | |
| Buildings | 29,837,587 | | | | 29,837,587 |
| Improvements other than buildings | 29,678 | | | | 29,678 |
| Mobile equipment | 2,537,180 | 107,617 | 65,686 | 25,843 | 2,604,954 |
| Furniture and equipment | 1,743,758 | 114,052 | 12,877 | (865,290) | 979,643 |
| Total depreciable capital assets | <u>34,148,203</u> | <u>221,669</u> | <u>78,563</u> | <u>(839,447)</u> | <u>33,451,862</u> |
| <u>Less accumulated depreciation for:</u> | | | | | |
| Buildings | 5,435,695 | 572,955 | | | 6,008,650 |
| Improvements other than buildings | 5,935 | 1,187 | | | 7,122 |
| Mobile equipment | 1,710,753 | 147,738 | 59,117 | | 1,799,374 |
| Furniture and equipment | 568,581 | 89,747 | 7,433 | | 650,895 |
| Total accumulated depreciation | <u>7,720,964</u> | <u>811,627</u> | <u>66,550</u> | | <u>8,466,041</u> |
| Total depreciable capital assets, net | <u>26,427,239</u> | <u>(589,958)</u> | <u>12,013</u> | <u>(839,447)</u> | <u>24,985,821</u> |
| Governmental activities capital assets, net | <u>\$ 26,546,139</u> | <u>(473,920)</u> | <u>12,013</u> | <u>(839,447)</u> | <u>25,220,759</u> |

Depreciation expense was charged to the following governmental functions:

| | <u>Amount</u> |
|----------------------------|-------------------|
| Instruction | \$ 600,169 |
| Support services | 157,952 |
| Non-instructional | <u>53,506</u> |
| Total depreciation expense | <u>\$ 811,627</u> |

GRENADA SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2003

The capital assets above include significant amounts of buildings and furniture and equipment which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition.

The \$865,290 adjustment to furniture and equipment served to adjust the amount of vocational equipment to the correct amount as shown on state vocational records.

Commitments under construction contracts at June 30, 2003, are summarized as follows:

| | Remaining Commitment | Required Future Financing |
|--|----------------------------|---------------------------------|
| New 9 th grade building - Grenada High School | \$ <u>1,265,919</u> | |
| Total | \$ <u><u>1,265,919</u></u> | <u><u>0</u></u> |

(6) Long-term liabilities.

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

| | Balance 7-1-2002 | Additions | Reductions | Balance 6-30-2003 | Amounts due within one year |
|--|-----------------------------|---------------------|-----------------------|-------------------------|--------------------------------|
| A. General obligation bonds payable | \$ 4,780,000 | | 310,000 | 4,470,000 | 335,000 |
| B. Limited obligation bonds payable | 3,305,000 | | 320,000 | 2,985,000 | 120,000 |
| C. Certificates of participation payable | 1,625,000 | | 65,000 | 1,560,000 | 65,000 |
| D. Three mill notes payable | 815,000 | | 195,000 | 620,000 | 200,000 |
| E. Compensated absences payable | <u>181,586</u> | <u>6,236</u> | | <u>187,822</u> | |
| Total | \$ <u><u>10,706,586</u></u> | <u><u>6,236</u></u> | <u><u>890,000</u></u> | <u><u>9,822,822</u></u> | <u><u>720,000</u></u> |

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 | Maturity Date | Amount Issued | Amount Outstanding |
|---|------------------|---------------|------------------|----------------------------|-------------------------|
| General obligation refunding bonds, Series 1998 | Varies | 9-15-1998 | 9-1-2012 | \$ <u>4,575,000</u> | <u>4,470,000</u> |
| Total | | | | \$ <u><u>4,575,000</u></u> | <u><u>4,470,000</u></u> |

GRENADA SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2003

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

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|---------------------|------------------|------------------|
| 2004 | \$ 335,000 | 191,908 | 526,908 |
| 2005 | 350,000 | 177,435 | 527,435 |
| 2006 | 375,000 | 161,935 | 536,935 |
| 2007 | 405,000 | 145,064 | 550,064 |
| 2008 | 425,000 | 126,905 | 551,905 |
| 2009 - 2013 | <u>2,580,000</u> | <u>311,489</u> | <u>2,891,489</u> |
| Total | <u>\$ 4,470,000</u> | <u>1,114,736</u> | <u>5,584,736</u> |

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, 2003, the amount of outstanding bonded indebtedness was equal to 3% of property assessments as of October 2002. This debt will be retired from the bond retirement fund.

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 | Maturity Date | Amount Issued | Amount Outstanding |
|--|------------------|---------------|------------------|---------------------|-----------------------|
| State aid capital improvement bonds | 4.99% | 3-5-1998 | 2-1-2018 | \$ 3,545,000 | 2,985,000 |
| Total | | | | <u>\$ 3,545,000</u> | <u>2,985,000</u> |

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

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|---------------------|------------------|------------------|
| 2004 | \$ 120,000 | 137,305 | 257,305 |
| 2005 | 130,000 | 130,180 | 260,180 |
| 2006 | 135,000 | 122,627 | 257,627 |
| 2007 | 145,000 | 115,373 | 260,373 |
| 2008 | 150,000 | 108,665 | 258,665 |
| 2009 - 2013 | 885,000 | 431,433 | 1,316,433 |
| 2014 - 2018 | <u>1,420,000</u> | <u>199,870</u> | <u>1,619,870</u> |
| Total | <u>\$ 2,985,000</u> | <u>1,245,453</u> | <u>4,230,453</u> |

GRENADA SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2003

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 bond retirement fund.

C. Certificates of participation payable.

As more fully explained in Note 12, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

| <u>Description</u> | <u>Interest Rate</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Amount Issued</u> | <u>Amount Outstanding</u> |
|------------------------------------|--------------------------|-----------------------|--------------------------|--------------------------|-------------------------------|
| Trust certificates, Series 1999 | Varies | 6-1-1999 | 6-1-2019 | \$ 1,800,000 | 1,560,000 |
| Total | | | | <u>\$ 1,800,000</u> | <u>1,560,000</u> |

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------|---------------------|-----------------|------------------|
| 2004 | \$ 65,000 | 77,044 | 142,044 |
| 2005 | 70,000 | 73,144 | 143,144 |
| 2006 | 75,000 | 68,944 | 143,944 |
| 2007 | 75,000 | 64,444 | 139,444 |
| 2008 | 80,000 | 61,069 | 141,069 |
| 2009 - 2013 | 470,000 | 245,871 | 715,871 |
| 2014 - 2018 | 590,000 | 124,490 | 714,490 |
| 2019 - 2023 | <u>135,000</u> | <u>6,750</u> | <u>141,750</u> |
| Total | <u>\$ 1,560,000</u> | <u>721,756</u> | <u>2,281,756</u> |

This debt will be retired from the capital lease retirement fund.

GRENADA SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2003

D. Three mill notes payable.

Debt currently outstanding is as follows:

| <u>Description</u> | <u>Interest Rate</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Amount Issued</u> | <u>Amount Outstanding</u> |
|--|--------------------------|-----------------------|--------------------------|----------------------------|-------------------------------|
| Three mill - ten year notes, Series 1996A | Varies | 7-1-1996 | 7-1-2006 | \$ <u>1,795,000</u> | <u>620,000</u> |
| Total | | | | \$ <u><u>1,795,000</u></u> | <u><u>620,000</u></u> |

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------|--------------------------|----------------------|-----------------------|
| 2004 | \$ 200,000 | 30,595 | 230,595 |
| 2005 | 205,000 | 20,795 | 225,795 |
| 2006 | <u>215,000</u> | <u>10,750</u> | <u>225,750</u> |
| Total | \$ <u><u>620,000</u></u> | <u><u>62,140</u></u> | <u><u>682,140</u></u> |

This debt will be retired from the three mill - ten year note fund.

E. 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), Miss. Code Ann. (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 school district is required to contribute at an actuarially determined rate. The current rate is 9.75% 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, 2003, 2002 and 2001 were \$1,426,430, \$1,310,212 and \$1,285,946, respectively, which equaled the required contributions for each year.

(8) Other Commitments.

Commitments under construction contracts are described in Note 5.

GRENADA SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2003

(9) Sixteenth Section Lands.

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

| Year Ending <u>June 30</u> | <u>Amount</u> |
|-------------------------------|------------------------------|
| 2004 | \$ 90,676 |
| 2005 | 57,728 |
| 2006 | 51,390 |
| 2007 | 34,197 |
| 2008 | 19,189 |
| 2009-2013 | 49,293 |
| 2014-2018 | <u>17,774</u> |
| Total | \$ <u><u>320,247</u></u> |

(10) Risk Management.

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

Participation in Public Entity Risk Pool.

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 90 school districts and covers risks of loss arising from injuries to the school district's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Trustmark National Bank in Jackson. The funds in the trust account are used to pay any claim up to \$175,000. For a claim exceeding \$175,000, MSBAWCT 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 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.

GRENADA SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2003

(11) Prior Year Defeasance of Debt.

In prior years, the Grenada School District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the district's financial statements. On June 30, 2003, \$4,470,000 of bonds outstanding are defeased.

(12) Trust Certificates.

A trust agreement dated June 1, 1999, was executed by and between the school district and Bancorp South, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$1,800,000. This amount was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project").

The project is leased to the school district in accordance with the provisions of the Emergency School Leasing Authority Act as described in Section 37-7-351, *et seq.*, Miss. Code Ann. (1972). The lease represents a capital lease under which ownership of the project will transfer to the school district upon complete retirement of the trust certificates. The school district is obligated to make lease payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The lease rental payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates.

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the lease; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 6 for details regarding the debt service requirement on the trust certificates.

Using the guidance provided in Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* dealing with defining the reporting entity, the trust accounts created by this trust agreement were deemed to constitute an inseparable part of the school district. Therefore, the assets, liabilities, equity, revenues, expenditures and other financing sources/uses of the trust accounts created by this trust agreement are part of the school district's financial statements, thereby eliminating the effects of the lease agreement for financial reporting purposes.

GRENADA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

GRENADA SCHOOL DISTRICT

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GRENADA SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2003

| | Budgeted Amounts | | Actual (GAAP Basis) | Variances Positive (Negative) | |
|--|-------------------|-------------------|------------------------|----------------------------------|--------------------|
| | Original | Final | | Original to Final | Final to Actual |
| Revenues: | | | | | |
| Local sources | \$ 5,402,884 | 5,417,516 | 5,603,345 | 14,632 | 185,829 |
| State sources | 14,273,645 | 14,994,503 | 14,987,577 | 720,858 | (6,926) |
| Federal sources | 261,112 | 291,509 | 280,509 | 30,397 | (11,000) |
| Total Revenues | <u>19,937,641</u> | <u>20,703,528</u> | <u>20,871,431</u> | <u>765,887</u> | <u>167,903</u> |
| Expenditures: | | | | | |
| Instruction | 11,919,565 | 11,928,118 | 11,880,627 | (8,553) | 47,491 |
| Support services | 7,203,816 | 7,105,647 | 7,084,074 | 98,169 | 21,573 |
| Noninstructional services | 6,904 | 9,123 | 9,123 | (2,219) | |
| Total Expenditures | <u>19,130,285</u> | <u>19,042,888</u> | <u>18,973,824</u> | <u>87,397</u> | <u>69,064</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>807,356</u> | <u>1,660,640</u> | <u>1,897,607</u> | <u>853,284</u> | <u>236,967</u> |
| Other Financing Sources (Uses): | | | | | |
| Insurance loss recoveries | | 16,829 | 16,829 | 16,829 | |
| Sale of other property | | 120 | 120 | 120 | |
| Operating transfers in | 2,440,700 | 2,285,164 | 178,045 | (155,536) | (2,107,119) |
| Operating transfers out | (3,112,998) | (3,106,528) | (951,684) | 6,470 | 2,154,844 |
| Total Other Financing Sources (Uses) | <u>(672,298)</u> | <u>(804,415)</u> | <u>(756,690)</u> | <u>(132,117)</u> | <u>47,725</u> |
| Net Change in Fund Balances | <u>135,058</u> | <u>856,225</u> | <u>1,140,917</u> | <u>721,167</u> | <u>284,692</u> |
| Fund Balances: | | | | | |
| July 1, 2002 | 822,701 | 1,428,689 | 1,428,689 | 605,988 | 0 |
| June 30, 2003 | <u>\$ 957,759</u> | <u>2,284,914</u> | <u>2,569,606</u> | <u>1,327,155</u> | <u>284,692</u> |

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

GRENADA SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Title I Fund
 For the Year Ended June 30, 2003

| | Budgeted Amounts | | Actual (GAAP Basis) | Variances Positive (Negative) | |
|--|------------------|-----------------|------------------------|----------------------------------|--------------------|
| | Original | Final | | Original to Final | Final to Actual |
| Revenues: | | | | | |
| Federal sources | \$ 836,567 | 883,715 | 839,762 | 47,148 | (43,953) |
| Total Revenues | <u>836,567</u> | <u>883,715</u> | <u>839,762</u> | <u>47,148</u> | <u>(43,953)</u> |
| Expenditures: | | | | | |
| Instruction | 492,707 | 542,544 | 529,753 | (49,837) | 12,791 |
| Support services | 286,290 | 286,203 | 254,196 | 87 | 32,007 |
| Noninstructional services | 34,223 | 34,223 | 32,941 | | 1,282 |
| Total Expenditures | <u>813,220</u> | <u>862,970</u> | <u>816,890</u> | <u>(49,750)</u> | <u>46,080</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>23,347</u> | <u>20,745</u> | <u>22,872</u> | <u>(2,602)</u> | <u>2,127</u> |
| Other Financing Sources (Uses): | | | | | |
| Operating transfers out | (23,347) | (20,745) | (22,872) | 2,602 | (2,127) |
| Total Other Financing Sources (Uses) | <u>(23,347)</u> | <u>(20,745)</u> | <u>(22,872)</u> | <u>2,602</u> | <u>(2,127)</u> |
| Net Change in Fund Balances | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balances: | | | | | |
| July 1, 2002 | 0 | 0 | 0 | 0 | 0 |
| June 30, 2003 | <u>\$ 0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

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

GRENADA SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Sixteenth Section Interest Fund
 For the Year Ended June 30, 2003

| | Budgeted Amounts | | Actual (GAAP Basis) | Variances Positive (Negative) | |
|--|---------------------|------------------|------------------------|----------------------------------|--------------------|
| | Original | Final | | Original to Final | Final to Actual |
| Revenues: | | | | | |
| Sixteenth section sources | \$ 157,417 | 623,328 | 623,328 | 465,911 | |
| Total Revenues | <u>157,417</u> | <u>623,328</u> | <u>623,328</u> | <u>465,911</u> | <u>0</u> |
| Expenditures: | | | | | |
| Sixteenth section | 9,213 | 57,344 | 57,344 | (48,131) | |
| Total Expenditures | <u>9,213</u> | <u>57,344</u> | <u>57,344</u> | <u>(48,131)</u> | <u>0</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>148,204</u> | <u>565,984</u> | <u>565,984</u> | <u>417,780</u> | <u>0</u> |
| Other Financing Sources (Uses): | | | | | |
| Operating transfers in | 39,204 | 492,369 | 492,369 | 453,165 | |
| Operating transfers out | (180,408) | (419,300) | (419,300) | (238,892) | |
| Total Other Financing Sources (Uses) | <u>(141,204)</u> | <u>73,069</u> | <u>73,069</u> | <u>214,273</u> | <u>0</u> |
| Net Change in Fund Balances | <u>7,000</u> | <u>639,053</u> | <u>639,053</u> | <u>632,053</u> | <u>0</u> |
| Fund Balances: | | | | | |
| July 1, 2002 | 2,200,605 | 3,763,473 | 3,763,743 | 1,562,868 | 270 |
| June 30, 2003 | <u>\$ 2,207,605</u> | <u>4,402,526</u> | <u>4,402,796</u> | <u>2,194,921</u> | <u>270</u> |

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

GRENADA SCHOOL DISTRICT

Notes to the Required Supplementary Information
For the Year Ended June 30, 2003

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 the date established by the Mississippi Department of Education. 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.

GRENADA SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

GRENADA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2003

| 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 | \$ <u>120,218</u> |
| Child nutrition cluster: | | |
| School breakfast program | 10.553 | 228,517 |
| National school lunch program | 10.555 | 965,339 |
| Total child nutrition cluster | | <u>1,193,856</u> |
| Total U.S. Department of Agriculture | | <u>1,314,074</u> |
| <u>U.S. Department of Labor</u> | | |
| Passed-through Mississippi Development Authority: | | |
| Employment services and job training - pilot and demonstration program | 17.249 | <u>55,579</u> |
| Total U.S. Department of Labor | | <u>55,579</u> |
| <u>U.S. Department of Education</u> | | |
| Passed-through Mississippi Board for Community and Junior Colleges: | | |
| Adult education - state grant program | 84.002 | <u>204,210</u> |
| Total | | <u>204,210</u> |
| Passed-through Mississippi Department of Rehabilitation Services: | | |
| Rehabilitation services - vocational rehabilitation grants to states | 84.126 | <u>3,639</u> |
| Total | | <u>3,639</u> |
| Passed-through Mississippi Department of Education: | | |
| Title I - grants to local educational agencies | 84.010 | 839,762 |
| Migrant education - state grant program | 84.011 | 120,762 |
| Vocational education - basic grants to states | 84.048 | 58,375 |
| Safe and drug-free schools and communities - state grants | 84.186 | 35,998 |
| Innovative education program strategies | 84.298 | 34,540 |
| Rural education achievement program | 84.358 | 58,411 |
| Improving teacher quality - state grants | 84.367 | <u>310,806</u> |
| Total | | <u>1,458,654</u> |
| Special education cluster: | | |
| Special education - grants to states | 84.027 | 642,894 |
| Special education - preschool grants | 84.173 | 46,812 |
| Total | | <u>689,706</u> |
| Total passed-through Mississippi Department of Education | | <u>2,148,360</u> |
| Total U.S. Department of Education | | <u>2,356,209</u> |

| <u>Federal Grantor/ Pass-through Grantor/ Program Title</u> | <u>Catalog of Federal Domestic Assistance Number</u> | <u>Federal Expenditures</u> |
|---|--|---------------------------------|
| <u>U.S. Department of Defense</u> | | |
| Direct program: | | |
| Reserve Officers' Training Corps | 12.XXX | <u>54,010</u> |
| Total U.S. Department of Defense | | <u>54,010</u> |
| Total for All Federal Awards | | <u>\$ 3,779,872</u> |

NOTES TO SCHEDULE

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

GRENADA SCHOOL DISTRICT

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GRENADA SCHOOL DISTRICT

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

GRENADA SCHOOL DISTRICT

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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

Superintendent and School Board
Grenada School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Grenada School District as of and for the year ended June 30, 2003, and have issued our report thereon dated November 26, 2003. 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.

Compliance

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 opinion. The results of our tests did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

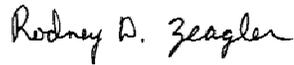
In planning and performing our audit, we considered the school district's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 opinion, could adversely affect the school district's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the Schedule of Findings and Questioned Costs as Finding 03-1.

A material weakness is a 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 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 reportable conditions and, accordingly, would not also disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described in the finding referred to above is not 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.



PHIL BRYANT
State Auditor



RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance Audit Division

November 26, 2003



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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
Grenada School District

Compliance

We have audited the compliance of the Grenada 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, 2003. 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, Grenada 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, 2003.

Internal Control Over Compliance

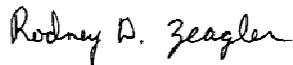
The management of the Grenada School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the school district's 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 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. We did not note any matters involving internal control over compliance and its operation that we consider to be material weaknesses.

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



PHIL BRYANT
State Auditor



RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance Audit Division

November 26, 2003

GRENADA SCHOOL DISTRICT

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

GRENADA SCHOOL DISTRICT

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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

Superintendent and School Board
Grenada School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Grenada School District as of and for the year ended June 30, 2003, and have issued our report thereon dated November 26, 2003. 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*.

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 other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$0 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.

Handwritten signature of Phil Bryant in black ink.

PHIL BRYANT
State Auditor

Handwritten signature of Rodney D. Zeagler in black ink.

RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance Audit Division

November 26, 2003

GRENADA SCHOOL DISTRICT

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GRENADA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GRENADA SCHOOL DISTRICT

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GRENADA SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

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? | No |
| 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. | Child nutrition cluster: CFDA #10.553 CFDA #10.555 | |
| b. | Improving teacher quality - state grants: CFDA #84.367 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | Yes |
| 10. | Prior fiscal year audit 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? | No |

GRENADA SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

Section 2: Financial Statement Findings

Reportable Condition Not Considered to be a Material Weakness

03-1. Finding

During our examination of 39 general activity fund and daily lunch sales receipts, we noted 14 deposits were not made timely. This finding was also reported in the prior year's audit report for activity funds.

Recommendation

The district should implement policies and procedures to insure that deposits are made timely.

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.

GRENADA SCHOOL DISTRICT

AUDITEE'S CORRECTIVE ACTION PLAN

GRENADA SCHOOL DISTRICT

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Grenada School District

Education, Training, Dreams

Post Office Box 1940
Grenada, MS 38902-1940

Buddy Pender, Ph.D.
Superintendent

Telephone
(662) 226-1606
Fax
(662) 226-7994

Financial & Compliance Audit Division

As required by Section ____315(c) of OMB Circular A-133, the Grenada 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, 2003:

Finding

Corrective Action Plan Details

03-1

a. Names(s) of Contact Person (s) Responsible for Corrective Action:

Bo Surrell, Business Manager – 662-226-1606

b. Corrective Action Planned:

The Grenada School District Business Manager will continue to inform the Food Service Director and all school principals of the requirements to make daily deposits. The school district's activity fund policy and procedures manual will be provided to each as well.

c. Anticipated Completion Date:

The above action will be accomplished on January 30, 2004.

Sincerely yours,

Bo Surrell, Business Manager