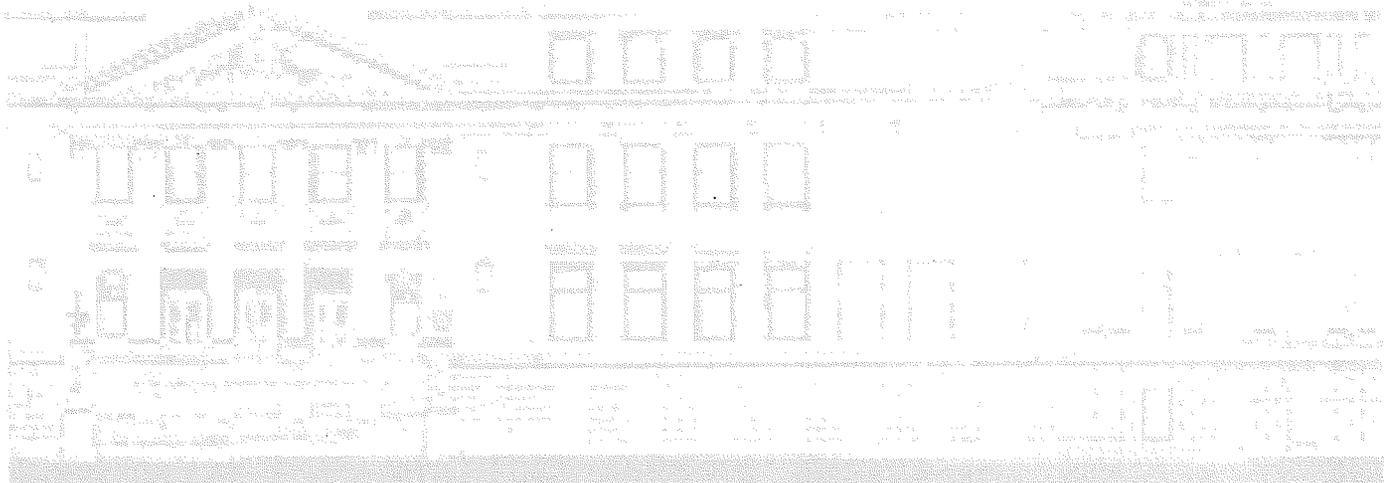
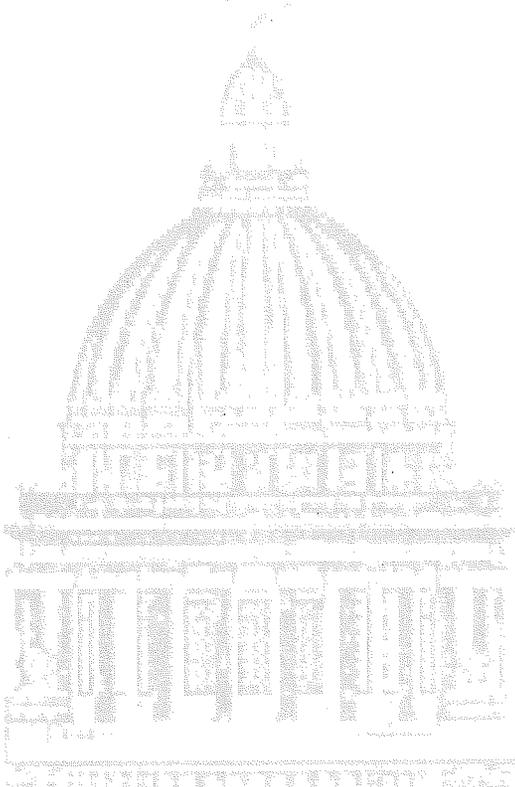


2005 ANNUAL REPORT

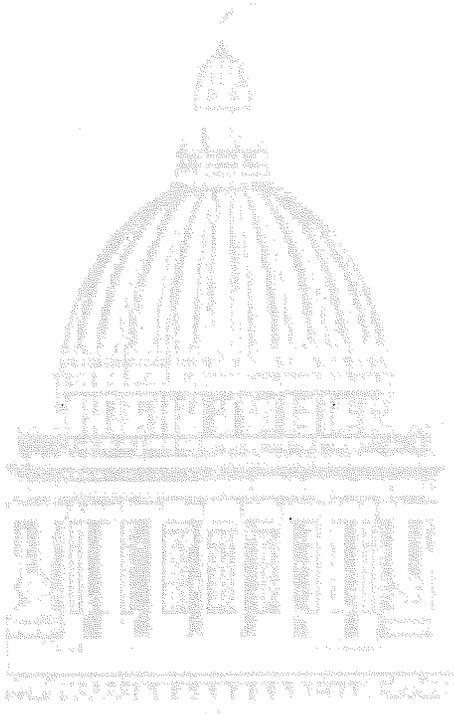
FISCAL YEAR JULY 1, 2004 THROUGH JUNE 30, 2005



PHIL BRYANT
STATE AUDITOR



2005 ANNUAL REPORT
FISCAL YEAR JULY 1, 2004 THROUGH JUNE 30, 2005
PHIL BRYANT
STATE AUDITOR



*For additional copies of the
OSA Annual Report
contact:*

Office of the State Auditor
Mick Bullock
Executive Assistant to the Auditor
P.O. Box 956
Jackson, Mississippi 39205

601-576-2800 Office
1-800-321-1275 Office In-State

www.osa.state.ms.us

e-mail:
auditor@osa.state.ms.us

*The Mississippi Office of the State
Auditor does not discriminate on
the basis of race, religion,
national origin, sex, age or
disability*



TABLE OF CONTENTS

PRIMARY STATUTORY RESPONSIBILITIES	1
AUDIT RESPONSIBILITY	3
OFFICE CUSTOMERS	5
OFFICE OF THE STATE AUDITOR'S MISSION	6
DIVISIONS	7
OFFICE GOALS	8
ADMINISTRATIVE SERVICES DIVISION	11
AVERAGE DAILY ATTENDANCE DIVISION	12
FINANCIAL AND COMPLIANCE AUDIT DIVISION	13
AUDIT SECTIONS	14
<i>County Audit Section</i>	14
<i>Education Audit Section</i>	14
<i>State Agency Audit Section</i>	14
<i>EDP Audit Section</i>	15
<i>Report Processing Section</i>	15
GOALS AND OBJECTIVES	15
ACCOMPLISHMENTS FOR 2005	15
INFORMATION TECHNOLOGY DIVISION	17
ACCOMPLISHMENTS FOR 2005	17
FUTURE PLANS	18
INVESTIGATIVE DIVISION	19
ACCOMPLISHMENTS FOR 2005	19
PERFORMANCE AUDIT DIVISION	20
ACCOMPLISHMENTS FOR 2005	21
PROPERTY AUDIT DIVISION	25
ACCOMPLISHMENTS FOR 2005	25
TECHNICAL ASSISTANCE DIVISION	26
ACCOMPLISHMENTS FOR 2005	26
OTHER ACCOMPLISHMENTS FOR 2005	27
AUDIT REPORTS RELEASED	28
SCHOOL DISTRICT AUDITS RELEASED	28
COLLEGE AUDITS RELEASED	31
COUNTY AUDITS RELEASED	32
FINANCIAL AND COMPLIANCE AUDIT REPORTS RELEASED	35



PRIMARY STATUTORY RESPONSIBILITIES

Section 134 of the Mississippi Constitution, adopted November 1, 1890, created the Office of the Auditor of Public Accounts, now the Office of the State Auditor. The Mississippi Code of 1972 (Annotated) grants the Office important responsibilities. Section 7-7-211 is the most comprehensive, charging the Office with the following responsibilities and authority:

- Identify and define generally accepted accounting principles for all public offices of the state and its subdivisions;
- Prescribe systems of accounting, budgeting and financial reporting for all public offices of regional and local subdivisions of the state and assist in the installation of these systems;
- Study and analyze existing managerial policies, methods, procedures, duties and services of state agencies and institutions upon written request of the Governor or the Legislature or its designee, and determine if operations can be eliminated, combined, simplified or improved;
- Relative to the comprehensive annual financial report of the state, post-audit and, when necessary, pre-audit and investigate financial matters of departments, institutions, boards, commissions and other agencies of state government;
- Post-audit and, when necessary, pre-audit and investigate financial matters of county governments, public school districts, community college districts, levee boards, agencies created by the Legislature or by executive order, profit or nonprofit business entities administering programs financed by funds flowing through the state treasury or receiving grants from revenues collected by state governmental divisions and all other public bodies supported by funds derived in part or wholly from public funds, except municipalities;
- Demand payment from public officers, employees, administrative bodies, individuals, partnerships, corporations or associations for amounts representing recovery of public funds improperly withheld, misappropriated or otherwise illegally expended and the value of public property disposed of in an unlawful manner, institute suit in any state court for demands not paid;
- Investigate suspected violations of state laws by officers or employees of the state, counties or other public offices;
- With approval of a chancery or circuit court, issue subpoenas to examine records, etc. regarding persons, firms or other entities related to dealings with any state, county or other public entity;

- In lieu of conducting audits, examine audits of public hospitals or public school districts produced by certified public accountants. Provide audit programs and report formats to accountants conducting audits of public hospitals and public school districts;
- If funds are made available by the Legislature, contract for preparation of selected audits of departments, institutions, boards, commissions or other agencies of state government, county governments, public school districts, community college districts and any other public bodies supported by public funds, except municipalities, provide audit programs and report formats to accountants conducting contract audits;
- Establish training courses and programs for state and local government personnel under jurisdiction of the Office; and
- Upon written request of the Governor or member of the Legislature, audit any state or federal funds received by any nonprofit corporation.

Other responsibilities are given to the Office throughout sections of the Mississippi Code. However, most of these are addressed within the responsibilities mentioned above. When new programs are created or funded by the Legislature, the Office is often given audit or system-prescribing responsibility.



AUDIT RESPONSIBILITY

The above statutory responsibilities make the Office responsible for financial reporting of most public entities within the state. This entails either audit, review, recording, receipt, or investigative responsibility for over 1,000 entities in the following categories:

General State and Local Governments

General governments provide a wide range of services to their citizens and number the following:

State Agencies	118
Cities	295
Counties	82

Special-Purpose Governmental Entities

Most special-purpose governments provide a single, special service. Created by counties, municipalities or a combination of both, or by special legislation passed by the Legislature, all were designed to provide services not offered by individual general governments. In most cases, special-purpose governments are designed as authorities, agencies, boards or districts.

Mississippi special-purpose governmental units include, but are not limited to, the following:

Airport Authorities	59
Colleges	15
Universities	8
District Attorneys	22
Drainage Districts	58
Economic Development Districts	138
Fire Protection Districts	85
Flood Control Districts	4
Hospitals	67
Housing Authorities	Local
Human Resource Agencies	27
Industrial Development Districts	35
Libraries	50
Mental Health Centers	15
Park Districts	7
Planning and Development Districts	10
Port Authorities	6
Public Building Authorities	Local

School Districts	150
Soil and Water Conservation Districts	82
Tourism Bureaus	40
Utility Districts	27

The Office maintains some oversight responsibility for each. In addition, other public and private entities fall within the Office's oversight when created or financially supported by Legislative appropriations, for a number of reasons some of these do not fall into one of the general categories listed above.



OFFICE CUSTOMERS

Based on analysis of Mississippi statutes, the Office has identified and prioritized its customers to provide the above services in a manner to protect the public's interest. These include:

- 1) Citizens and taxpayers of the State of Mississippi
- 2) Legislative, Executive and Judicial Branches of State government
- 3) State and local governmental entities
- 4) Federal government
- 5) Other states

Citizens are prioritized as the most important Office customer, since providing services for and on their behalf is the reason government exists. The Office has primary responsibility for oversight of the taxpayers' state and often local government supporting funds.

Therefore, the primary purpose of the Office is protection of the interests of its most important customer, the taxpayers.

The legislative, executive, and judicial branches of state government, along with the Office, exist to serve citizens and taxpayers. Therefore the Office provides valuable services to these branches in performing their services to the citizens of the State.

State and local governmental entities are the primary recipients of Office services with customers receiving benefits from the services provided by this Office. Although state agencies are a part of the executive, legislative and judicial branches, state agencies are also considered separate Office customers since they are the subject of audits and are not always directly accountable to citizens and taxpayers. Although the focus of day-to-day Office work relates to state and local governmental entities, benefits accrue to higher prioritized customers: taxpayers, and legislative, executive, and judicial branches.

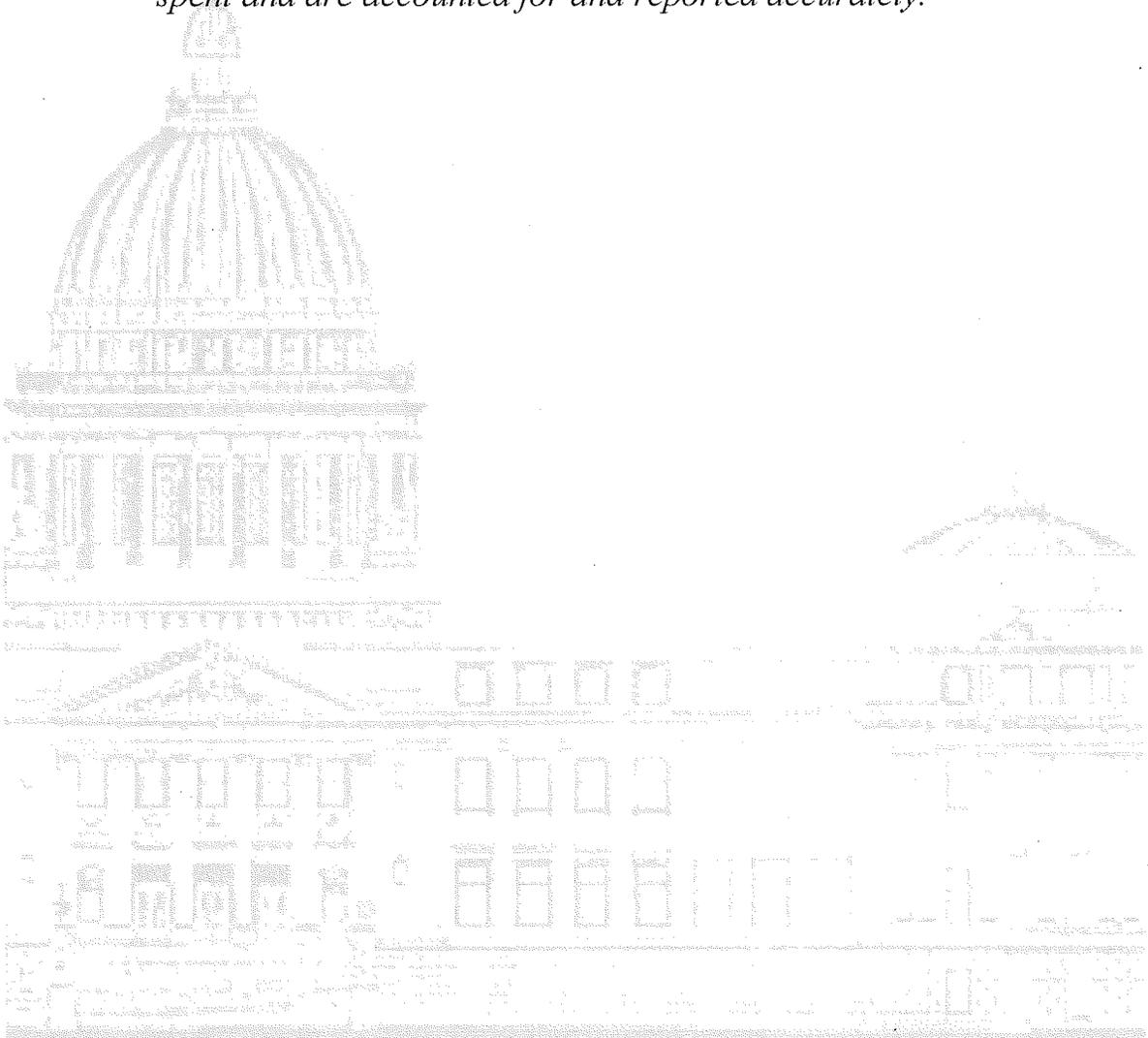
Because the federal government provides certain funds to the State, the State has reporting responsibilities to the federal government. Additionally, the Office's audit field work and reporting standards are controlled in part by the federal government. Since other states occasionally use our reports in their work, they are also considered valued Office customers.



OFFICE OF THE STATE AUDITOR'S MISSION

Based on the purpose intended for the Office and the services the Office provides, the following mission statement was developed and published in fiscal year 1997:

The mission of the Office of the State Auditor is to serve its customers and protect the public's trust by independently assessing state and local governmental and other entities to ensure that public funds are properly received, are legally, effectively, and efficiently spent and are accounted for and reported accurately.





DIVISIONS

The Office of the State Auditor is composed of eight divisions. These divisions report to the Audit Department Director, Rodney Zeagler and include:

Administrative Services Division (page 11)
Jeff Adcock, Director

Average Daily Attendance Audit Division (page 12)
Shirley Crawford, Director

Financial & Compliance Audit Division (page 13)
Bill Doss, CPA, Director

Information Technology Division (page 17)
Bennie Nutt, Director

Investigative Division (page 19)
Jesse Bingham, Director

Performance Audit Division (page 20)
Sam Atkinson, Director

Property Audit Division (page 25)
Ross Campbell, Director

Technical Assistance Division (page 26)
Rhuel Dickinson, CPA, Director



OFFICE GOALS

In accomplishing its mission the Office of the State Auditor has established the following goals:

- Establish accounting and financial reporting systems for all regional and local governmental entities. Consult with State Fiscal Officer in the establishment of accounting and financial reporting systems for the State;
- Perform or contract the necessary financial, compliance, performance, and investigative audits in accordance with professional standards;
- Train public officials in methods of conducting their duties in compliance with state law; and
- Comply with constitutional and statutory provisions.
- Make government more accessible to the taxpayers.

The Office will accomplish these goals by:

- Providing timely financial and legal compliance audits of state agencies, counties, school districts and state supported colleges and universities;
- Providing timely technical assistance to representatives of state and local governments and the general public;
- Investigating state and local governments and government representatives and employees concerning legal compliance violations and accountability issues;
- Performing performance audits for state and local governments to improve accountability, economy and efficiency of government operations;
- Conducting state-wide property audits and performing average daily attendance counts for school districts; and verifying the validity and accuracy of the process and the internal controls schools use to produce adequate information regarding student transactions
- Providing the Office and state and local governments assistance with their information management needs.
- Working with local governments to secure E-Government services for the taxpayers it serves.

Electronic Government

The Office of the State Auditor continues to take a leading role in the development and implementation of E-Government in the State. As a result of the efforts of this office, taxpayers

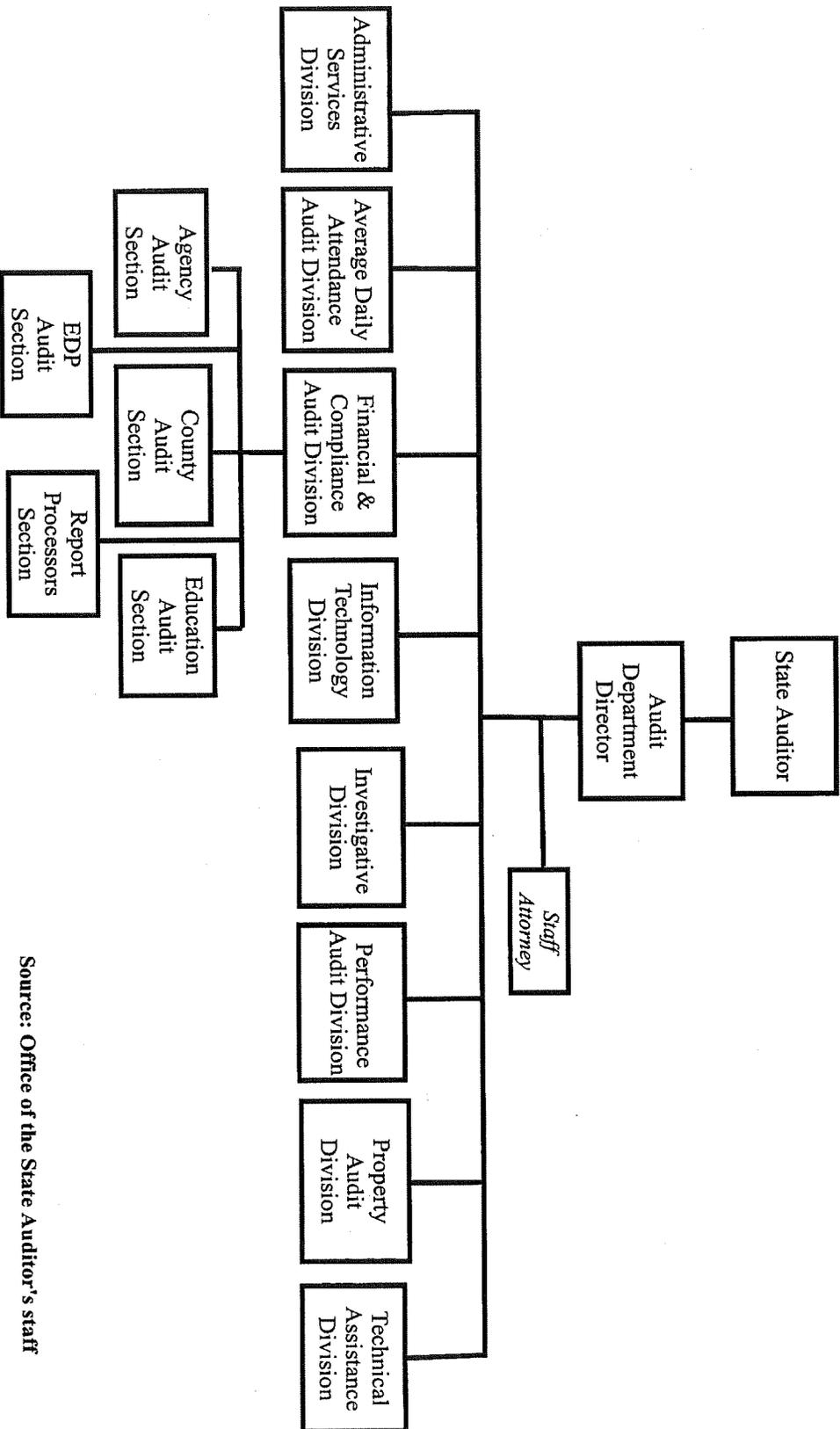
in thirteen counties now have the ability to pay their property taxes and renew their car tags via the internet. Also, there are a number of State agencies that now offer online services to the citizens of Mississippi. While displaying an aggressive role in E-government Auditor Bryant served as Chairman of the E-Government Committee for the National State Auditor's Association (NSAA), serves as Vice-Chairman of the Mississippi Legislative E-Government Oversight Committee and The National Electronic Commerce Coordinating Councils board of directors. He was named "Mississippian of the Year" by the Association of Information Technology Professionals in 2002. Recently in 2005 Auditor Bryant co-authored the book entitled, "Leadership Secrets of Government Financial Officials" the 5th book in a leadership series that will be distributed to the state's governors and other executives with emphasis in sharing of knowledge on leadership in government. In 2004 Auditor Bryant co-authored his first book, "21st Century Government-Digital Promise, Digital Reality."

Professional Audit Standards

The Office is comprised of professional staff to perform a necessary function to protect the welfare and ensure the public trust. Because taxes are an involuntary requirement for the citizens of this great state, financial accountability and responsibility for an effective and efficient government are the responsibility of every public servant, including those elected, appointed and employed. This public trust requires a diligent review and accounting for the financial reporting and performance of all entities entrusted with public funds. To perform this service, the Office complies with generally accepted government auditing standards (GAGAS) issued by the United States Government Accountability Office and documented as Government Auditing Standards and generally accepted auditing standards (GAAS) published by the American Institute of Certified Public Accountants. The Office also abides by pronouncements of the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB) where applicable. Additionally, the Office participates in a quality control review process whereby Office audits are periodically reviewed by other states' audit office personnel for compliance with the above standards. Also the Office's finances are reviewed by the Legislative PEER Committee to ensure all financial matters are in order.

What does all this mean? The Office sets high standards of performance for the auditors it hires and the work they perform. The trust placed with the Office by the public is not taken lightly, nor the responsibility ignored. These standards and the reviews the Office undergo help ensure the quality of the work prepared and presented to the public administrators of the public funds and resources on behalf of the citizens of the state, who are our primary customers and to whom we acknowledge a great responsibility.

Exhibit A
Office of the State Auditor
Organizational Structure



Source: Office of the State Auditor's staff

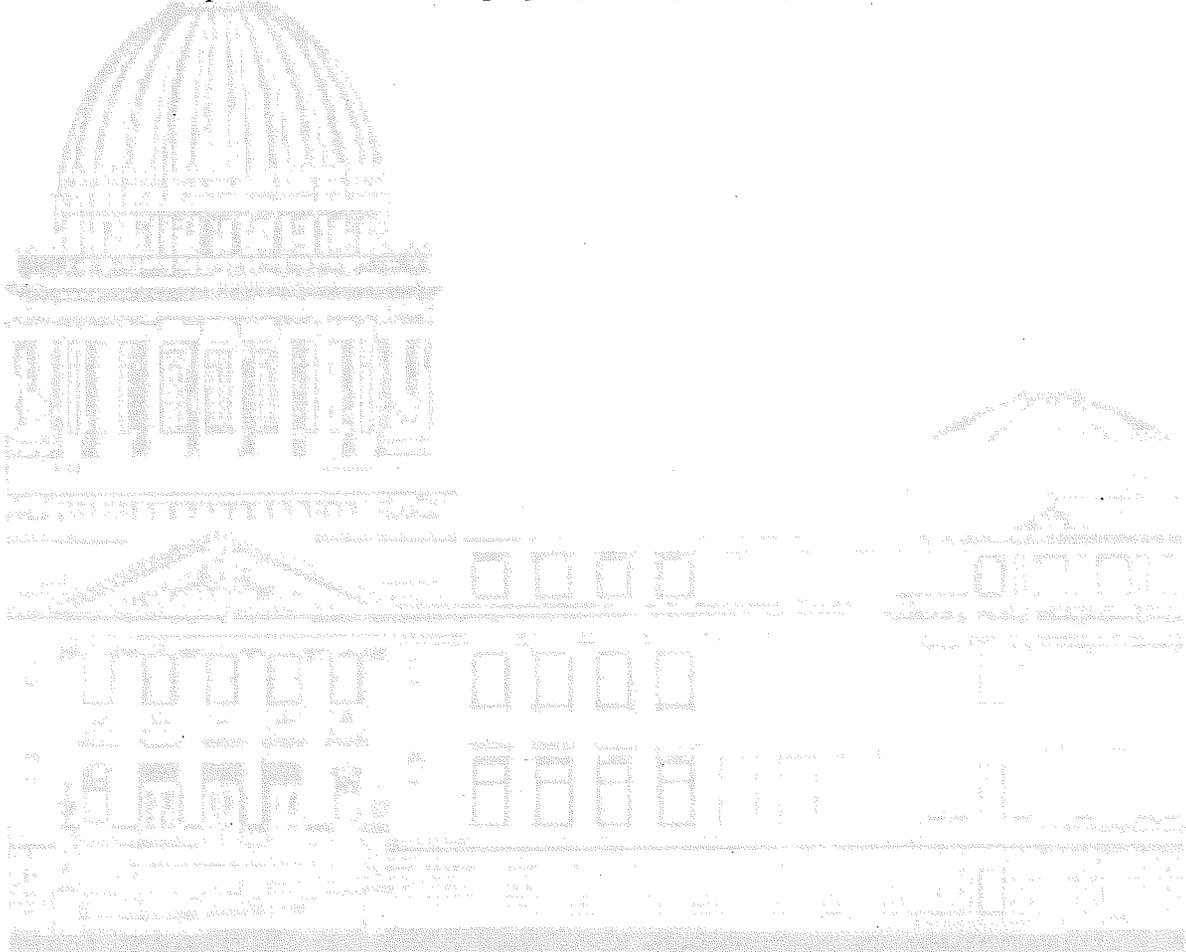


ADMINISTRATIVE SERVICES DIVISION

Our Administrative Services Division continues to perform its duties by providing services for personnel matters, processing invoices, payroll, travel vouchers and purchase orders for the office, and all accounting functions including preparation of the department's GAAP package.

During fiscal year 2005, the Office's "Employee Handbook" was revised and updated. The Division prepares invoices for services rendered by the Office which account for nearly four million dollars or forty percent of our annual budget. During fiscal year 2005, we began a revision of our billing system by establishing a PC based system.

The division also provided help and assistance to Performance Audit Division with its bond monitoring program, as well as providing Information Technology Division assistance with its cyber security testing throughout Mississippi's 82 counties and selected state agencies. The discussion also implemented an on-line property management system for the Office.





AVERAGE DAILY ATTENDANCE DIVISION

The Average Daily Attendance Division (ADA) was created to verify correct distribution of Minimum Foundation Program funds, a compliance function related to local school districts. ADA no longer performs counts of school district pupils to determine the accuracy of school district attendance reports to the State Department of Education. When House Bill 1251 passed in the 2004 Legislative Session, our roles changed. The Office of the State Auditor verifies the validity and accuracy of the process and the internal controls schools use to produce adequate information regarding student transactions.

During 2005, the ADA Division sent out a survey to all school superintendents requesting information required to standardize policies and procedures for the new Mississippi Student Information System auditing (MSIS) requirements. After receiving approximately one third of the surveys, the ADA Division went to the school districts to gather and update information that was not received. Soon after the visits, the Department of Education sent each school district a Policy and Procedure MSIS template to develop a manual. The Office received copies of 86 manuals in fiscal year 2005, out of 152 total. School district reports were used by the State Department of Education to allocate Minimum Program Funds to local school districts. HB 1251 made some changes in funding as well. Funding is provided primarily from the Mississippi Adequate Education Program (MAEP) which replaced the Minimum Foundation Program. In fiscal year 2005, the MAEP Program distributed 47.4% of the State's entire general fund budget to support local school districts.

ACCOMPLISHMENTS FOR 2005

During fiscal year 2005, ADA accomplished the following:

- Reviewed 86 MSIS manuals for standardized policies and procedures.
- Performed fixed asset audits for 73 local school districts.
- Made random vehicle checks for correct markings in 323 municipalities, counties, and Community Colleges.



FINANCIAL AND COMPLIANCE AUDIT DIVISION

The Financial and Compliance Audit Division employs a majority of the employees of the Office and produces most of its published work. The Division is responsible for performing audits on 82 counties, 15 colleges, the university system, 150 local school districts and the State of Mississippi, which includes 118 state agencies. The Division also performs agreed-upon procedures on disaster claims of various entities in the state. To perform these audit duties, the Division is organized into five sections:

County Audit Section

Scott Speights, CIA, Director

Education Audit Section

Linda C. Reeves, CPA, Director

State Agency Audit Section

Rob Robertson, Director

EDP Audit Section

Amy Ellis, CPA, Director (resigned 8/15/05)

Report Processing Section

Frieda Bailey, Supervisor

Through this division, the Office accomplishes its primary statutory duties of:

- Examining the financial records and statements of counties, school districts, colleges, the university system and the State of Mississippi to determine accuracy and reliability;
- Reviewing, testing and evaluating state and local government control systems to ensure
 - the safeguarding of assets,
 - the legality, accuracy and reliability of financial transactions, records and statements, and
 - adherence to prescribed management control policies;
- Auditing and issuing opinions on financial statements of counties, school districts, colleges, the university system and the State of Mississippi;
- Issuing the State's Single Audit Report and single audit reports of counties, school districts, colleges and the university system;

- Examining and testing transactions and operational processes of auditees to determine compliance with laws and regulations;
- Agreed-upon procedure engagements of governmental entities seeking reimbursement for disaster losses; and
- Reviewing audits of college, county, school district and state agency financial statements performed by CPA firms.

To reduce travel time and expenses, the Division maintains staff in Jackson, with branch offices in Grenada and Ellisville.

AUDIT SECTIONS

A brief description of each of the audit sections is given below.

County Audit Section

The County Audit Section audits the 82 Mississippi counties. During fiscal year 2005, the County Audit Section released reports on 26 counties it audited. Also during this period, this Section released reports on 44 counties audited by CPA firms.

Education Audit Section

The Education Audit Section is responsible for college and university audits and for local school district audits. College and university auditors are responsible for 15 public colleges, the Board of Trustees of the Institutions of Higher Learning, and eight public universities and their divisions. During fiscal year 2005, the Section audited and released reports for six colleges. Beginning in the fiscal year ended June 30, 1998, the Section audits the universities under the governance of the Board of Trustees of the Institutions of Higher Learning as a system. During the year, the Section completed its audit of the University System for the fiscal year ended June 30, 2004. However, the report was not released until July 2005. Separate management letters were issued to the universities and their divisions. Colleges not audited by this Section were audited by CPA firms under contracts supervised by the Education Section. Seven college audit reports issued by CPA firms were released during fiscal year 2005.

The Section is also responsible for conducting annual audits of the 150 public school districts in the state. During fiscal year 2005, the Section audited and released reports on 21 school districts. Public school districts not audited by this Section are audited by CPA firms under contracts supervised by the Education Audit Section. Ninety-one school district audit reports issued by CPA firms were released during fiscal year 2005.

State Agency Audit Section

The State Agency Audit Section is responsible for the annual audit of the State of Mississippi, including the State's Comprehensive Annual Financial Report (CAFR) and its Single Audit Report.

EDP Audit Section

The EDP Audit Section works with the other sections to perform reviews of entities' electronic data processing systems.

Report Processing Section

The Report Processing Section finalizes all Division reports and processes them for publication.

GOALS AND OBJECTIVES

The goals and objectives of the Financial and Compliance Audit Division include the following:

- Perform more efficient and effective audits while maintaining current audit status and timely release of audits.
- Increase the use of computers in performing audit procedures and ensure the staff has access to the most up-to-date technology.
- Provide staff training on new technical pronouncements.
- Continue to reduce time between the completion of fieldwork and the issuance of the report.
- Increase the number of auditors in the EDP Audit Section.
- Revise various manuals for the professional staff.

ACCOMPLISHMENTS FOR 2005

The Financial and Compliance Audit Division accomplished many things during the 2005 fiscal year. Highlights of these accomplishments include:

- This division took exception to \$41,443 of expenditures, which were returned directly to governmental entities.
- During fiscal year 2005, the County Audit Section released 70 audit reports. The reports covered Governmental Activities program revenues in excess of \$369 million, Governmental Activities general revenues in excess of \$805.5 million, Governmental Activities expenses in excess of \$1.148 billion and net assets in excess of \$1.856 billion. Of these amounts, audit coverage of approximately \$242 million program revenues, \$553 million general revenues, \$771 million expenses and \$1.248 billion net assets was provided by CPA firms. These reports also covered Business-type Activities revenues in excess of \$56.5 million, Business-type Activities expenses in excess of \$49.3 million and net assets in excess of \$22.2 million. Of these amounts, CPA firms provided audit coverage of approximately \$36.4 million in revenues, \$31 million in expenses and \$12 million in net assets.

- During fiscal year 2005, the College and University Unit of the Education Audit Section released 13 audit reports. These audit reports covered operating revenues in excess of \$237 million, nonoperating revenues in excess of \$167 million, operating expenses in excess of \$391.2 million, nonoperating expenses in excess of \$7.9 million, other revenues and expenses (net) in excess of \$17.4 million, and total net assets in excess of \$466.3 million. Audit coverage of these amounts provided by CPA firms included approximately \$144.6 million of operating revenues, \$103.4 million of nonoperating revenues, \$239.6 million of operating expenses, \$6.7 million of nonoperating expenses, other revenues and expenses (net) of \$8.6 million and total net assets of \$293.1 million.
- During fiscal year 2005, the College and University Unit completed its audit of the seventh system-wide audit report on the State of Mississippi Institutions of Higher Learning. However, the report was not released until July 2005.
- During fiscal year 2005, the School Unit of the Education Audit Section released 112 audit reports. The reports covered Governmental Activities program revenues in excess of \$698.1 million, Governmental Activities general revenues in excess of \$1.911 billion, Governmental Activities expenses in excess of \$2.468 billion, and Governmental Activities total net assets in excess of \$1.300 billion. Of these amounts, CPA firms provided audit coverage of approximately \$567.3 million program revenues, \$1.539 billion general revenues, \$1.999 billion expenses, and \$1.094 billion total net assets.
- During fiscal year 2005, Mississippi's 2004 CAFR and Single Audit Report were released. The Single Audit reports on the state's compliance of its major federally funded programs. For 2004, programs with expenditures exceeding \$15.442 million were identified as major programs.
- The State Agency Section was responsible for auditing Governmental Activities program revenues in excess of \$6.428 billion, Business-type Activities program revenues in excess of \$239 million, Governmental Activities general revenues in excess of \$4.8 billion, Business-type Activities general revenues in excess of \$70 million, Governmental Activities expenses in excess of \$11.428 billion, Business-type Activities expenses in excess of \$268 million, Governmental Activities total net assets in excess of \$8.270 billion, and Business-type Activities total net assets in excess of \$1.046 billion.
- Staff in the Division assisted the Training Officer in conducting required training sessions for professional staff.



INFORMATION TECHNOLOGY DIVISION

The Information Technology Division is responsible for providing information technology and services to all employees of the Office and other governmental entities that must comply with Office-issued requirements. The Division also conducts computer training, assists auditors with electronic data processing (EDP) audit reviews, procures computer hardware and software, develops and supports computerized applications, maintains a local area network, web server and email system, and provides technical support to the Office staff. The Division supports the Office by:

- Increasing Office employee productivity through automation;
- Improving technological support for all Office staff by focusing on service for the Office;
- Enhancing computer applications and implementing new information systems for other divisions;
- Assisting other divisions applying technology in performing audits;
- Procuring and implementing state-of-the-art hardware and software; and
- Educating Office staff in the use of information technology.

ACCOMPLISHMENTS FOR 2005

Over the last year, the Division has successfully implemented several projects to improve office operations.

Field Auditors

Due to the demands placed on the current field audit work force, there is constant need to provide updated equipment. The Division purchased new laptops and printers for the field auditors.

Office Staff

The Division has successfully replaced all obsolete workstations and monitors to meet standards that will make the Office productive, provide audit services and satisfy concerns associated with the 21st century. As we have upgraded our technology, we have also donated equipment and maintained applications to assist other entities in technology advancement.

Web Server

The Division is constantly improving the Web Server and searching for documents and reports that can be placed on the Web for the convenience of the public.

Cyber Security Assessment

The Division was awarded a \$500,000 Grant from Homeland Security in fiscal year 2004 and contracted with vendors to perform an assessment on about 20 state agencies computer network systems. We are mid-way through the assessment and have found this to be a valuable tool for the agencies receiving the assessment.

The Division was successful in securing each of the 82 counties a \$10,000 grant from Homeland Security in fiscal year 2004 and have completed the assessment in over 70 counties. This assessment included tests to prevent inside and outside intrusion, as well as an analysis of the entire system or systems. We are contacting the remaining counties to encourage them to have the assessment.

FUTURE PLANS

The Division plans to continue the long-range purchasing by replacing any computer related equipment that is not under manufacture's warranty. The Division continues to pursue a wide area network for audit reports and investigative files from around the state to be downloaded directly to the main Office computers. This will expedite the audit report and investigative process. These advances should cut travel cost and enable more effective use of Office personnel. The Division continues to support the office in its efforts to perform paperless audits. The Division plans to purchase additional equipment and software to meet this goal. The Division will continue to work with Homeland Security to secure funding for future projects that will benefit state and local Government.



INVESTIGATIVE DIVISION

The Investigative Division is responsible for investigating allegations or suspected violations of the laws of the State of Mississippi by any state, county or local public official or other individual responsible for public assets. The primary focus of the Division is to detect and deter the misuse or misappropriation of public assets in the purchase, sale or use of any supplies, services, equipment or other property.

This staff assures proper use of public assets through recoveries and prosecution when violations are detected. Based on a study conducted by the Association of Certified Fraud Examiners, the average organization loses about 6 percent of its total annual revenue to fraud and abuse committed by its own employees and management. Government waste, fraud and abuse represent a hidden tax on every family in Mississippi. This Division's responsibility is to cut that hidden tax.

Complaints are received from public officials, private citizens, auditors, the media and anonymous or public sources. All complaints are confidential.

Any information concerning possible violations should be forwarded to:

Office of the State Auditor
Attn: Jesse M. Bingham, Director
Investigative Division
P.O. Box 956
Jackson, MS 39205

Or reported by calling 601-576-2722 or toll free in-state 800-321-1275 and ask for The Investigative Division.

ACCOMPLISHMENTS FOR 2005

During fiscal year 2005, there were 102 cases of allegedly misused or misappropriated public assets opened in the Investigative Division.

During fiscal year 2005, the Investigative Division had the following accomplishments:

- Opened 102 cases;
- Recovered \$838,193.86;
- Issued 19 formal demands totaling \$687,773.26;
- Closed 148 cases.

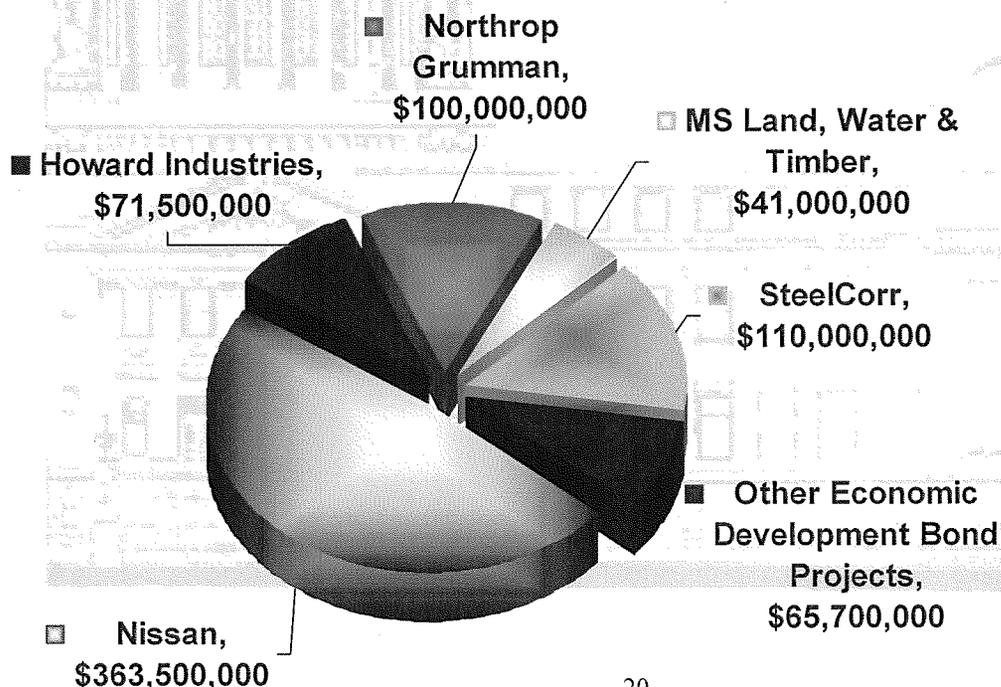


PERFORMANCE AUDIT DIVISION

Fiscal Year 2005 was busy for the Performance Audit Division. During this time, the Division's Bond Monitoring Program began to expand. Additionally, the Division continued work on a wide variety of projects related to increasing performance and productivity at all levels of government. These were completed with positive results and satisfied clients—many of the recommendations have been implemented successfully.

Bond Monitoring. The Auditor and many other state officials came to realize that in order for the state to be assured that its bond related investments in economic development projects were successful, there needed to be more fiscal and general monitoring oversight of the entire project process. Nissan was one of the first bond monitoring projects but during fiscal year 2004 more projects were added under the Performance Audit Division's Bond Monitoring Program. Projects authorized under the Mississippi Land, Water and Timber Board and the Mississippi Development Authority were added to the Division's program. Site visits and reports helped to identify successful endeavors, as well as potential problems for these projects. Reports and briefing papers have been sent to the Legislature, Governor's, Lt. Governor's offices and other interested parties throughout the year to keep them informed about the status of bond projects being monitored. Also during this fiscal year, municipalities, state agencies and others requested performance review assistance to make their operations more efficient and effective.

OSA MONITORED BONDS AS OF 7/1/05



Performance auditing is defined by the U.S. Government Auditing Standards as “*the assessment of the performance of organizations, programs, activities, and functions in order to provide information to improve accountability and facilitate decision-making.*” Besides providing additional public accountability, efficiency, and effectiveness opportunities, performance reviews and audits are especially important and useful during times of budget shortages. Division reports rely on laws and regulations, best practices, program purposes/goals, current resources, current program operations, as well as expected and desired outputs and outcomes to craft recommendations and complete analysis reports that help achieve fiscal savings while keeping productivity high. While other divisions of the Office are designed to detect governmental entities’ errors or omissions, the Performance Audit Division is one of two Office divisions, the other being Technical Assistance, designed to prevent problems and help government managers better perform their jobs.

ACCOMPLISHMENTS FOR 2005

- ***In January 2005 OSA submitted recommendations for future economic development bond projects to the Mississippi Legislature ensuring compliance with State law:***
 1. A completed application with a detailed business plan including a resume indicating past work history relevant to the business being proposed.
 2. A credit review of the individuals and/or businesses involved.
 3. A market analysis by an independent firm with necessary expertise for the specific projects.
 4. The financial records of the recipients and, if applicable, any others providing funding should be reviewed by an independent CPA firm to evaluate stability and accountability.
 5. Matching funds or a letter of credit for working capital and construction should be mandatory with any future alliances.

- ***In an effort to truly formalize the Bond Monitoring efforts of the Division, Performance Audit worked with independent CPA firm Horne, LLP to author the nation's first "Bond Monitoring and Performance Audit Procedures Manual."*** Not only does this formalize the monitoring process it integrates Yellow Book standards and has been codified in the Mississippi Administrative Procedures Act. It is the basis and structure of the work done by the Division when reviewing assigned bonded projects.

- ***A Review of the Possible Use of Debit Cards to Pay Benefits at the Department of Employment Security, part I*** (Report #85) – The purpose of this review was to provide information to the Department of Employment Security to aid in the decision of whether to institute debit cards to deliver benefits. It resulted in an additional research report and their (MESC) ultimate decision to implement debit cards to pay benefits.

- ***An Informational Report of State Vehicle Purchases Fiscal Year 2004*** (Report # 86) – The purpose of this report was to provide information on the net number of motor vehicles acquired in fiscal year 2004, as reported by DFA on form VR-1; provide information on the number of current state-owned vehicles per agency inventory records; determine compliance with Section 25-1-77, Mississippi Code, Annotated, (1972); and provide recommendations for improving state vehicle management. It has resulted in proposed legislation for the 2006 legislative session.
- ***A Review of the Processes and Systems of the Financial Programs with the Mississippi Development Authority*** (Report # 87) - The purpose of this review was to investigate the financial systems and processes currently utilized by each division and to determine how they are used in processing MDA’s financial programs and to offer suggestions to streamline and improve their financial program operations.
- ***A Review of Unspent Bond Funds and Bond Proceeds Management: Opportunities for Savings*** (Report #88) - The key purpose of this study was to suggest approaches and management practices which, when implemented, will lead to significant reduction in costs associated with issuance and management of general obligation bonds. Many of the report’s recommendations have already been implemented.
- ***A Disclosure of Emergency Purchases Made by State Agencies in FY04*** (Report # 89)— This report summarized the number and dollar amount of emergency purchases for fiscal year 2004 reported to DFA, Office of Purchasing and Travel; DFA, Bureau of Buildings, Grounds, and Real Property; and Information Technology Services by agencies and provided background information on current state law concerning emergency purchases by state agencies.
- ***A Review of State Agency and University Cell Phone Use 2004*** (Report #90) – The purpose of this report was to survey state agencies to review state expenditures for cellular telephone equipment and expenses and to make recommendations for better management techniques that can reduce agency costs and increase efficiency and accountability of state use of cellular telephones. It has resulted in agency changes in policies and has achieved significant cost savings for the State.
- ***A Limited Analysis of the State Children’s Health Insurance Program, March 2005*** (Report # 91)— This limited review provided a historical overview of the program, eligibility requirements, enrollment and renewal procedures, program funding sources, as well as recommendations on reducing program costs without compromising the basic healthcare of its participants. This analysis not only compared the SCHIP program to that of the State and School Employees Health Plan and the private market within Mississippi, but also made comparisons with SCHIP programs in other states.
- ***A Limited Review of Mississippi Technology Alliance Division of Mississippi Alternative Energy Enterprise for the Mississippi Land, Water and Timber Resources Board*** (Report # 92)—At the request of the Land, Water, and Timber Resources Board (LWT), the Performance Audit Division reviewed the management and accounting processes of the Mississippi Technology Alliance as it related to two Methane Gas Capture projects. This report resulted in changes to standard contracts used by the LWT Board.

- ***A Limited Review of the Mississippi Beef Processor's Cull Cow Project: Comprehensive Report Part I, January 2005*** (Report # 93)— This report attempted to create a synopsis of facts and events tying this project to decisions made by the Land, Water and Timber Resources Board, the Legislature, the Department of Agriculture and Commerce, and the MS Development Authority. It presented initial findings and recommendations designed to help understand what happened and ways to prevent similar situations in the future. It was not an attempt to lay blame, but rather to present facts and information that could be used to make better decisions for economic development bond projects in the future.
- ***ART report: MWCC follow-up review*** (Report # 94)—As a six month follow-up to a report completed in the prior fiscal year, this report provided additional information to the Executive Director of the Mississippi Workers' Compensation Commission (MWCC) resulting in numerous management changes and more efficient and effective use of funds, as well as needed changes to policies and procedures to comply with State law and regulation.
- ***A Limited Review of the Mississippi major Economic Impact Act's Nissan Project - Addendum: 2004 Annual Review, March 2005*** (Report # 95)— Part of the monitoring effort by the Auditor's Office is the review of expenditures incurred by the Mississippi Development Authority (MDA) on behalf of the Nissan project. In a report dated February 11, 2003, the OSA reviewed and tested the policies and procedures in place to assure compliance with the goals of the project. This report was a follow up to the February 11, 2003 report on compliance with the policies and procedures in place for assuring the expenditures met the goals of the project.
- ***Addendum: Cost Benefit Analysis for Unemployment Insurance Benefit Issuance, June 2005*** (Report # 96) — In its efforts to work towards e-government and begin cost-containment efforts the Mississippi Department of Employment Security (MDES) requested that the Office of the State Auditor (OSA) provide a cost analysis on the use of debit cards and direct deposit for the issuance of unemployment insurance benefits. This addendum was in response to the performance audit report issued by OSA in September 2004 titled, "*A Review of the Possible Use of Debit Cards to Pay Benefits at the Department of Employment Security,*" which was also requested by MDES.

The Performance Audit Division also issued Bond Monitoring briefing papers about several bond projects.

- ***Ethanol, May 2005*** - This brief was in response to a request from the Executive Director of the Greenwood-Leflore Industrial Board to review a business plan for an ethanol plant, which would employ 35 people, in Greenwood, Mississippi.
- ***M-Quality, April 2005*** - This brief was in response to a Legislative request to review the circumstances by which proposed bonding for M-Quality Inc. came to be included in Senate Bill 3101.
- ***Mississippi Beef Processors #2, November 2004*** – This brief described OSA's continued involvement in the project to help assist in determining how best to protect the taxpayers' economic investment.

- ***Mississippi Beef Processors #3, December 2004*** – This brief gave an update on the beef processors loan default issues.
- ***Northrop-Grumman Ship Systems #1, August 2004*** – Senate Bill 2886, which authorized the issuance of general obligation bonds to provide funds for capital improvements of the Northrop-Grumman shipyard, passed during the 2003 regular session. This brief gave an in-depth look at the funding, impact to date, and management of the Northrop-Grumman shipyard.
- ***Rural Impact Act #1, August 2004*** – This brief detailed the mission, governance, grant and loan availability, impact to date, and the technical support of the Rural Impact Fund Program passed in House Bill 1335 during the 2003 regular session.
- ***Southaven Towne Center, May 2005*** - This brief was a bond monitoring review of the regional shopping mall located in Desoto County authorized by Senate Bill 2322 of the 2003 regular session of the Mississippi Legislature.
- ***SteelCorr, April 2005*** – This brief was an introduction to the incentives that SteelCorr is to receive according to House Bill 1668. It also detailed the public hearing that took place March 29, 2005, to address SteelCorr's request for an air permit.



PROPERTY AUDIT DIVISION

The purpose of the Property Audit Division is to protect the public's trust by independently assessing state and local governmental entities to ensure that public property is properly procured, effectively managed in its dispersal and disposal and proper procedures are lawfully followed regarding the addition and deletion of fixed assets. In addition to verifying the existence of fixed assets, the Division is responsible for maintaining a master inventory of all state owned fixed assets and periodic audits of state and local governmental asset maintenance records.

ACCOMPLISHMENTS FOR 2005

The Division performs its duties and responsibilities in conformity with statutory mandates as set forth in Section 29-9-1, et seq, Mississippi Code of 1972 (Annotated). The primary focus of the Division is the verification of assets. In fiscal year 2005, the Division initiated property (verification) of fixed assets as follows:

State agency and university audits	84
County governmental audits	10
School district audits	73

The Division maintains a master state-wide inventory database for all assets owned by state agencies and universities. All reports for additions, deletions and adjustments by agencies and universities are submitted to the Division for review and verification of accuracy and completeness.

The Division continues to provide one-on-one training and technical support in property management. The Division offers property managers assistance to promote continuing effectiveness and communicates statutory amendments, rule changes and management techniques.

To enhance property reporting and management, the Division is implementing a web based asset management system.



TECHNICAL ASSISTANCE DIVISION

The Technical Assistance Division was established to provide a mechanism through which state and local government officials can receive guidance to help comply with the many financial and compliance related laws and regulations. This service enables public officials to address and resolve questions or minor problems before they result in misappropriated or misused public funds or resources.

The Division's staff of five Certified Public Accountants provides an oral and/or written answer to literally thousands of inquires annually. The staff also conducts specialized training to update officials of the latest changes in laws and regulations that affect their jobs maintaining the public's resources and trust. Combined, the staff has over 100 years of experience in local and state government accounting and auditing.

ACCOMPLISHMENTS FOR 2005

During fiscal year 2005, the Division performed the following services:

- Responded to approximately 9,000 telephone requests for technical assistance from the general public, public officials and employees, other agencies and governing authorities.
- Responded by letter or by E-mail to 578 requests for statements of position of the Office on legal requirements and department regulations. A statement of position is a written ruling stating the position or action the Office will take on a situation that has already occurred or will occur in the future.
- Developed, published and distributed a monthly publication entitled "Technicalities" to over 5,000 public officials, employees, and practitioners. "Technicalities" is presented in a question and answer format and addresses current issues (legal compliance, accounting procedures, new AG opinions, changing legislation, and other matters) facing public officials and employees.
- Met with public officials and various other individuals on matters of concern in an effort to resolve problems and explain areas of statutory compliance, accounting procedures, office regulations, etc.
- Developed and conducted 65 Educational and / or Required Certification Programs annually for various groups and associations. Examples include:

Mississippi Supervisors
Chancery Clerks
Circuit Clerks

County Administrators and Comptrollers
County Tax Assessors and Collectors
County Board Attorneys
Sheriffs
Purchase Clerks, Receiving Clerks, and Inventory Control Clerks
Justice Court Clerks
Municipal Aldermen, Councilmen and Mayors
Municipal Clerks and Court Clerks
Police Chiefs
Narcotic Task Forces
Municipal Board Attorneys
CPA's who conduct municipal, district attorney and other audits
throughout the state
Election Commissioners
Fire Chiefs and Coordinators
Soil and Water as well as other assorted local commissions
Planning and Development Districts
Governmental Purchasing Agents
Prosecuting Attorneys
Association of Government Accountants
Local School Boards and School Officials

OTHER ACCOMPLISHMENTS FOR 2005

- Reviewed and filed all official opinions of the Attorney General for research purposes.
- Provided legislators with information concerning proposed legislation upon request and met with or testified before legislative bodies to explain the intent or effect of proposed legislation.
- Compiled the annual update of the legal digest for Mississippi counties.
- Scheduled and conducted continuing education for the staff of the Office of the State Auditor.

Audit Reports Released

SCHOOL DISTRICT AUDITS RELEASED BY THE OFFICE OF THE STATE AUDITOR
STATE FISCAL YEAR ENDED JUNE 30, 2005

		GOVERNMENTAL ACTIVITIES			
Year	School District	Program Revenue	General Revenue	Expenses	Ending Net Assets
School Districts Audited by CPA Firms					
2003	Bay St. Louis-Waveland School District	\$ 3,062,165	13,498,163	15,607,064	7,714,582
2003	Brookhaven School District	4,437,201	15,920,923	20,010,102	11,638,785
2003	Canton Public School District	5,496,143	15,970,430	19,153,256	13,562,781
2003	Carroll County School District	1,850,596	6,024,864	7,430,989	3,362,493
2003	Claiborne County School District	3,860,585	11,180,511	14,484,343	8,143,030
2003	Clarksdale Municipal School District	5,531,810	17,002,069	21,730,386	2,979,411
2003	Clay County School District	1,072,614	1,597,170	2,528,791	1,910,503
2003	Cleveland School District	5,406,163	18,434,662	23,079,324	(135,864)
2003	Columbia School District	2,351,934	10,459,758	12,442,765	9,433,555
2003	Columbus Municipal School District	9,039,445	28,573,067	36,105,106	14,356,041
2003	Drew School District	1,995,449	3,532,214	5,413,812	1,219,720
2003	Durant Public School District	1,338,321	2,444,329	4,180,743	285,883
2003	East Jasper School District	2,307,801	6,927,116	8,147,782	5,412,963
2003	East Tallahatchie School District	2,346,442	8,108,626	10,087,787	3,232,435
2003	Forrest County School District	3,005,046	14,290,303	15,573,963	9,845,652
2003	George County School District	5,056,921	17,832,225	21,182,036	11,095,315
2003	Greene County School District	4,997,918	8,875,819	13,497,010	6,834,767
2003	Greenville Public Schools	12,908,374	35,332,945	48,265,852	(1,644,023)
2003	Greenwood Public School District	6,168,675	16,974,170	22,474,876	12,834,481
2003	Hancock County School District	17,163,874	10,946,846	26,603,567	13,921,822
2003	Hinds County School District	6,768,443	32,244,532	35,737,620	14,002,413
2003	Hollandale School District	4,061,554	5,978,170	9,608,803	2,027,007
2003	Jackson Public School District	44,527,032	170,308,940	215,498,679	38,003,675
2003	Jefferson Davis County School District	4,815,959	10,789,015	15,571,112	12,654,375
2003	Leake County School District	4,611,761	14,435,138	18,154,258	10,468,609
2003	Lowndes County School District	5,993,860	27,381,022	30,545,077	25,141,092
2003	Monroe County School District	3,053,489	12,631,434	14,723,973	9,697,922
2003	Nettleton School District	1,942,811	6,493,384	7,995,677	3,299,928
2003	Noxubee County School District	4,013,251	11,640,906	14,728,856	11,772,373
2003	Ocean Springs School District	5,564,103	27,227,509	29,178,453	26,666,249
2003	Oktibbeha County School District	2,482,813	7,515,873	10,717,292	653,342
2003	Pascagoula Municipal Sep. School District	1,468,745	54,470,454	54,564,841	36,792,234
2003	Pass Christian Public School District	8,634,888	6,836,418	14,994,236	6,927,134
2003	Pearl River County School District	2,733,278	12,139,150	14,188,978	7,131,127
2003	Petal School District	17,035,430	5,713,467	21,541,207	14,144,471
2003	Picayune School District	6,493,947	20,172,853	24,612,783	7,127,977
2003	Prentiss County School District	4,074,792	12,721,777	16,468,172	4,016,669
2003	South Panola School District	7,166,969	21,894,205	28,431,104	10,960,520
2003	South Pike School District	3,822,586	11,445,118	13,574,196	8,497,275
2003	Tunica County School District	401,911	20,323,513	20,884,915	24,422,168
2003	Tupelo Public School District	10,027,171	46,641,828	52,901,652	22,194,443
2003	Union Public School District	4,292,752	1,174,458	4,972,725	3,482,120
2003	Webster County School District	2,497,842	9,309,744	11,104,717	7,457,094

**SCHOOL DISTRICT AUDITS RELEASED BY THE OFFICE OF THE STATE AUDITOR
STATE FISCAL YEAR ENDED JUNE 30, 2005**

		GOVERNMENTAL ACTIVITIES			
Year	School District	Program Revenue	General Revenue	Expenses	Ending Net Assets
2003	West Point School District	7,515,644	17,326,768	22,799,882	7,935,841
2003	Western Line School District	2,905,107	10,954,146	13,909,079	6,215,346
2003	Winona Public School District	7,871,914	1,258,232	8,862,558	3,626,085
2004	Amite County School District	3,590,344	9,518,604	12,000,408	8,725,161
2004	Attala County School District	2,188,493	7,200,452	10,513,851	11,171,024
2004	Chickasaw County School District	1,123,111	3,128,585	3,653,245	2,551,312
2004	Choctaw County School District	3,032,151	9,835,396	12,432,290	8,277,434
2004	Clinton Public School District	4,452,483	27,313,253	28,846,795	20,051,472
2004	DeSoto County School District	19,746,199	118,682,543	119,441,996	117,706,429
2004	Enterprise School District	1,055,892	5,419,794	5,683,915	3,963,151
2004	Forest Municipal School District	2,509,681	8,972,431	10,418,079	3,627,894
2004	Forrest County Agricultural High School	795,495	3,143,993	3,745,539	3,701,783
2004	Franklin County School District	2,948,165	9,967,078	12,477,368	7,175,693
2004	Hattiesburg Public School District	8,824,590	31,584,091	40,929,442	7,029,196
2004	Hollandale School District	4,918,638	5,894,363	10,230,786	2,586,945
2004	Humphreys County School District	4,283,086	9,593,940	12,520,354	12,649,182
2004	Jefferson County School District	3,357,821	8,741,192	11,596,435	3,121,533
2004	Jones County School District	36,765,756	16,992,836	49,755,858	26,708,303
2004	Kosciusko School District	3,303,348	11,137,913	13,723,064	11,996,366
2004	Lafayette County School District	3,777,033	13,237,745	16,874,351	6,328,796
2004	Lamar County School District	7,970,522	37,573,414	43,616,764	23,237,626
2004	Laurel School District	5,982,411	18,275,643	23,062,132	10,351,800
2004	Lawrence County School District	4,433,023	12,308,902	16,218,682	8,502,307
2004	Lee County School District	6,033,219	35,194,261	39,471,893	29,855,484
2004	Leland School District	2,877,090	6,900,080	8,943,475	437,376
2004	Lincoln County School District	3,279,792	15,282,337	16,824,743	11,784,995
2004	Marion County School District	4,491,522	13,800,965	17,870,819	11,834,009
2004	Mound Bayou Public Schools	1,551,919	3,891,250	4,816,255	1,396,733
2004	Natchez-Adams School District	8,057,423	26,010,702	33,601,425	30,510,162
2004	New Albany Public School District	4,098,901	11,412,608	15,164,663	7,498,508
2004	Newton Municipal School District	2,345,191	6,312,553	8,123,949	6,392,796
2004	North Bolivar School District	2,254,495	6,112,306	7,932,636	409,489
2004	North Pike Consolidated School District	2,010,523	8,223,508	9,164,014	8,812,016
2004	Poplarville Special Mun. Sep. Sch. Dist.	2,910,972	12,136,251	13,577,230	11,158,817
2004	Quitman Consolidated School District	3,670,079	11,408,420	15,223,945	16,853,390
2004	Rankin County School District	64,863,858	45,329,651	100,995,474	73,186,235
2004	Richton School District	1,123,684	3,993,576	5,011,775	2,745,171
2004	Shaw School District	1,217,946	4,257,526	5,753,789	328,443
2004	Simpson County School District	7,873,173	21,217,897	27,658,576	20,147,828
2004	Smith County School District	4,535,738	15,078,266	18,563,205	19,818,016
2004	South Delta School District	3,693,437	7,757,100	10,618,261	6,066,269
2004	South Tippah School District	3,987,250	13,482,095	15,798,093	15,024,056
2004	Tishomingo Co. Special Mun. Sep. Sch. Dist.	4,627,077	17,422,020	20,007,263	28,024,548
2004	Walthall County School District	4,236,248	13,987,560	17,403,901	7,139,393
2004	Water Valley School District	1,953,018	6,555,298	8,260,931	2,247,493

**SCHOOL DISTRICT AUDITS RELEASED BY THE OFFICE OF THE STATE AUDITOR
STATE FISCAL YEAR ENDED JUNE 30, 2005**

		<u>GOVERNMENTAL ACTIVITIES</u>			
<u>Year</u>	<u>School District</u>	<u>Program Revenue</u>	<u>General Revenue</u>	<u>Expenses</u>	<u>Ending Net Assets</u>
2004	Wayne County School District	20,814,264	5,566,867	25,047,136	10,461,807
2004	Webster County School District	2,815,937	9,287,200	12,036,866	7,422,375
2004	Winona Public School District	2,764,747	6,959,875	9,236,716	4,113,991
Total By CPA Firms		\$ 567,321,274	1,539,056,604	1,999,118,786	1,094,454,628
School Districts Audited by OSA					
2003	Aberdeen School District	\$ 3,245,206	9,810,741	12,599,864	4,043,483
2003	Alcorn County School District	5,293,204	18,598,769	22,855,532	11,949,346
2003	Amory School District	2,685,466	8,796,824	10,893,156	(786,829)
2003	Harrison County School District	14,428,785	65,384,736	75,248,922	25,403,476
2003	Hattiesburg Public School District	8,399,731	32,909,237	39,516,540	7,551,167
2003	Hazlehurst City School District	2,621,982	7,815,759	10,403,420	1,693,737
2003	Holly Springs School District	2,886,645	9,059,689	11,811,661	5,968,008
2003	Holmes County School District	6,945,275	17,175,968	21,787,722	10,688,325
2003	Itawamba County School District	4,396,566	17,182,074	21,306,167	14,537,031
2003	Jefferson County School District	3,490,265	8,334,624	11,264,689	2,568,441
2003	Jones County School District	36,826,131	14,209,090	47,108,157	25,310,962
2003	Lauderdale County School District	6,038,788	33,180,123	36,712,781	22,475,007
2003	Lumberton Public School District	1,258,643	4,881,565	5,838,052	4,603,997
2003	Madison County School District	10,535,071	60,359,244	60,153,931	39,432,751
2003	Marshall County School District	4,480,499	14,976,609	16,994,168	(2,675,701)
2003	Mound Bayou Public Schools	1,434,788	3,803,745	4,536,126	1,566,712
2003	Perry County School District	2,664,183	7,325,549	9,932,889	3,543,029
2003	Philadelphia Public School District	1,632,328	6,075,990	7,512,373	3,273,902
2003	Smith County School District	4,042,888	14,615,510	16,889,661	18,892,167
2003	Tate County School District	4,087,328	12,548,465	16,630,067	4,548,194
2003	West Bolivar School District	3,447,034	5,891,343	9,119,468	1,058,560
Total By OSA		\$ 130,840,806	372,935,654	469,115,346	205,645,765
Combined Total		\$ 698,162,080	1,911,992,258	2,468,234,132	1,300,100,393

Source – Financial and Compliance Audit Division, Office of the State Auditor (OSA)

**COLLEGE AUDITS RELEASED BY THE OFFICE OF THE STATE AUDITOR
STATE FISCAL YEAR ENDED JUNE 30, 2005**

Year	College	Operating Revenue	Nonoperating Revenue	Operating Expenses	Nonoperating Expenses	Other Rev. & Exp. (Net)	Ending Net Assets	State Appropriations	Tuition & Fees (Net)
Colleges Audited by CPA Firms									
2003	Copiah-Lincoln Community College	\$ 14,516,118	10,289,895	24,088,022	304,031		23,182,515	7,014,036	2,321,535
2003	East Central Community College	13,221,756	7,667,608	21,103,979	171,502	769,653	13,951,646	6,057,406	2,703,685
2003	Hinds Community College	46,255,230	38,775,036	77,083,948	5,449,525	3,340,892	96,375,345	26,244,770	7,847,855
2003	Itawamba Community College	23,526,488	14,560,390	37,226,842	471,248	2,566,538	36,994,089	10,067,483	5,709,499
2003	Jones County Junior College	19,402,140	15,074,569	35,143,400	60,718	1,422,363	50,511,414	12,904,431	2,746,383
2003	Northeast Mississippi Community College	16,049,728	11,058,918	26,987,567	251,604	527,358	36,533,039	8,622,937	2,999,597
2003	Southwest Mississippi Community College	11,695,676	6,057,827	17,976,004			35,644,163	5,178,795	2,914,702
Total By CPA Firms		\$ 144,667,136	103,484,243	239,609,762	6,708,628	8,626,804	293,192,211	76,089,858	27,243,256
Colleges Audited by OSA									
2003	Coahoma Community College & Agricultural High School	\$ 13,221,631	7,553,142	19,084,801	124,818	918,580	20,933,216	5,780,161	94,934
2003	Holmes Community College	13,422,330	11,071,227	24,222,613	322,518	1,788,530	34,267,482	9,779,110	1,057,281
2003	Meridian Community College	15,043,991	9,829,835	24,356,890	222,853	1,516,376	20,248,719	9,382,241	2,037,364
2003	Mississippi Delta Community College	14,339,440	10,743,119	26,236,062	24,303	151,515	23,599,839	8,343,681	640,019
2003	Pearl River Community College	18,185,776	12,110,637	28,282,560	291,085	401,317	34,962,980	8,695,760	1,816,083
2004	Pearl River Community College	18,195,633	12,275,530	29,467,113	228,802	4,062,395	39,107,039	12,483,394	1,507,189
Total By OSA		\$ 92,408,801	63,583,490	151,650,039	1,214,379	8,838,713	173,119,275	54,464,347	7,152,870
Combined Total		\$ 237,075,937	167,067,733	391,259,801	7,923,007	17,465,517	466,311,486	130,554,205	34,396,126

Source – Financial and Compliance Audit Division, Office of the State Auditor (OSA)

**COUNTY AUDITS RELEASED BY THE OFFICE OF THE STATE AUDITOR
STATE FISCAL YEAR ENDED JUNE 30, 2005**

Year	County	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
		Program Revenue	General Revenue	Ending Net Assets	Program Revenue	General Revenue	Ending Net Assets
		\$					
2003	Adams County	3,553,963	10,947,963	14,943,954			321,130
2003	Alcorn County	3,713,219	7,588,983	14,199,075			48,727,965
2003	Attala County	4,235,499	5,602,007	7,209,734			18,154,481
2003	Chickasaw County	5,091,545	4,306,534	6,245,254			7,167,242
2003	Clarke County	2,436,910	4,721,282	7,646,458			29,050,356
2003	Coahoma County	5,149,917	9,869,310	14,616,984		19,082	115,141,144
2003	DeSoto County	13,901,382	30,385,927	44,290,312	1,149,499		83,749,699
2003	Grenada County	4,124,642	7,971,366	13,145,321			20,924,393
2003	Hancock County	9,037,607	17,041,394	23,720,987			20,810,772
2003	Hinds County	21,365,887	51,507,882	65,790,118			64,595,107
2003	Humphreys County	1,913,360	4,029,130	5,822,768			2,137,028
2003	Issaquena County	488,144	1,400,609	1,773,745		3,639	2,471,137
2003	Jackson County	17,785,735	48,949,839	54,884,308	3,138,301	11,508	2,747,005
2003	Jefferson County	3,694,477	5,056,471	9,079,416	632,304		638,381
2003	Jones County	5,197,029	16,728,271	20,480,428	1,416,379	4,759	1,498,890
2003	Lamar County	6,012,897	14,698,098	22,335,336			(129,054)
2003	Lauderdale County	7,640,941	19,054,926	27,341,658	3,465,423	104,438	3,460,958
2003	Lawrence County	1,034,680	5,956,230	8,797,684			1,169,848
2003	Leflore County	5,102,943	11,837,763	15,671,275			39,066,172
2003	Lincoln County	10,625,051	6,948,661	13,714,001			84,508,275
2003	Madison County	10,652,575	29,388,926	44,912,993			(32,172,937)
2003	Marion County	1,345,656	8,395,657	10,943,179	2,725,984	151,067	2,983,218
2003	Montgomery County	1,716,942	3,424,839	5,194,382			5,678,705
2003	Neshoba County	3,880,097	6,374,718	10,138,597	288,971	149	7,038,551
2003	Noxubee County	1,918,425	4,378,812	6,544,546			10,757,189
2003	Pearl River County	4,259,669	11,120,622	15,409,493			13,639,366
2003	Pontotoc County	4,133,770	5,645,868	9,908,181			9,975,485
2003	Simpson County	3,036,569	4,965,231	7,486,915			6,070,804
2003	Smith County	2,246,578	4,583,618	6,192,068			43,005,798
2003	Stone County	1,711,522	4,269,466	5,699,351	2,742,822	32,088	2,449,224
2003	Tallahatchie County	2,825,377	5,022,853	7,595,202	332,181	1,050	5,068,618
							325,763

**COUNTY AUDITS RELEASED BY THE OFFICE OF THE STATE AUDITOR
STATE FISCAL YEAR ENDED JUNE 30, 2005**

Year	County	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
		Program Revenue	General Revenue	Ending Net Assets	Program Revenue	General Revenue	Ending Net Assets
2003	Tate County	3,131,460	6,252,946	31,001,716	4,093,119	12,348	713,425
2003	Tunica County	10,378,018	43,990,418	149,328,644			
2003	Washington County	13,702,104	20,162,707	3,592,542	306,442	245,852	201,780
2003	Wayne County	3,352,951	7,401,791	78,398,261			
2003	Webster County	1,662,769	2,603,544	1,895,459			
2003	Wilkinson County	1,694,591	2,796,605	7,939,867	336,567	2,693	314,053
2003	Winston County	1,963,748	4,812,874	3,662,234	3,139,338	15,870	1,145,749
2003	Yalobusha County	3,188,618	4,494,060	9,064,783			
2003	Yazoo County	2,500,831	8,918,399	75,606,473			
2004	Jackson County	16,826,797	50,442,372	42,549,848	693,278	(246,337)	785,213
2004	Lauderdale County	8,835,540	19,844,174	9,897,025	3,593,337	60,292	1,284,738
2004	Stone County	2,200,893	4,476,527	3,444,898	2,947,068	49,428	1,459,253
2004	Winston County	2,656,327	4,913,686	14,014,158	3,141,362	11,886	1,286,994
Total By CPA Firms		\$ 241,927,655	553,283,359	1,248,412,678	35,901,258	513,111	11,984,536
Counties Audited by OSA							
2003	Amite County	1,627,412	3,228,189	6,730,243	457,310	4,577	756,556
2003	Benton County	1,992,873	2,209,286	5,314,603			
2003	Carroll County	1,926,727	3,947,660	4,243,349	2,870,127	13,912	659,863
2003	Claiborne County	2,473,796	6,685,767	7,724,826			
2003	Copiah County	3,444,773	6,242,391	15,874,776			
2003	Forrest County	16,318,171	17,536,769	33,276,353			
2003	Franklin County	1,900,397	2,552,106	8,349,589	325,122	188,125	266,140
2003	George County	2,302,905	6,016,407	107,304,808	2,270,008	32,675	795,908
2003	Greene County	2,218,929	4,109,516	7,488,573	427,383		177,810
2003	Harrison County	30,856,967	60,306,417	69,566,371			
2003	Jasper County	1,717,614	6,306,103	5,104,044	495,099	6,258	104,878
2003	Jefferson Davis County	1,242,668	5,627,592	28,508,519			
2003	Kemper County	2,472,614	3,879,657	5,552,853	5,172,359	95,277	1,508,935
2003	Leake County	2,230,920	4,923,177	5,209,754	2,885,457	60,189	2,698,023
2003	Lowndes County	6,564,076	17,061,166	4,676,198			

COUNTY AUDITS RELEASED BY THE OFFICE OF THE STATE AUDITOR
STATE FISCAL YEAR ENDED JUNE 30, 2005

Year	County	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
		Program Revenue	General Revenue	Ending Net Assets	Program Revenue	General Revenue	Ending Net Assets
2003	Newton County	3,318,704	4,936,912	4,907,117	649,016	50,333	733,447
2003	Oktibbeha County	3,766,530	8,610,203	34,383,718			
2003	Perry County	2,243,343	5,153,878	14,308,708			
2003	Pike County	6,491,541	10,148,323	48,473,978	251,767	73,261	965,715
2003	Prentiss County	2,818,116	4,982,913	4,415,681	806,600	24,062	488,590
2003	Quitman County	2,159,476	3,873,237	2,164,349			
2003	Rankin County	11,200,019	30,964,097	136,689,852	57,269	32,933	167,330
2003	Scott County	4,456,179	6,463,284	12,562,854			
2003	Sunflower County	2,924,145	7,280,584	12,613,400			
2003	Walthall County	2,503,818	3,354,211	6,822,136	2,906,141	29,509	913,039
2003	Warren County	5,991,040	15,908,659	22,322,861			
Total By OSA		\$ 127,163,753	252,308,504	608,409,088	19,573,658	611,111	10,236,234
Combined Total		\$ 369,091,408	805,591,863	1,856,821,766	55,474,916	1,124,222	22,220,770

OFFICE OF THE STATE AUDITOR
Financial and Compliance Audit Reports Released
State Fiscal Year Ended June 30, 2005

GOVERNMENT ENTITY

PERIOD ENDED

Released in July 2004

Brookhaven School District	June 30, 2003
Greenville Public School District	June 30, 2003
Hollandale School District	June 30, 2003
Jefferson Davis County School District	June 30, 2003
Pearl River County School District	June 30, 2003
Picayune School District	June 30, 2003
Meridian Community College	June 30, 2003

Released in August 2004

Attala County	September 30, 2003
Clarke County	September 30, 2003
Jackson County	September 30, 2003
Jones County	September 30, 2003
Kemper County	September 30, 2003
Simpson County	September 30, 2003
Smith County	September 30, 2003
Stone County	September 30, 2003
Aberdeen School District	June 30, 2003
George County School District	June 30, 2003
Hancock County School District	June 30, 2003
South Pike School District	June 30, 2003
Tate County School District	June 30, 2003
Copiah-Lincoln Community College	June 30, 2003
East Central Community College	June 30, 2003

Released in September 2004

Forrest County	September 30, 2003
Lauderdale County	September 30, 2003
Leflore County	September 30, 2003
Lowndes County	September 30, 2003
Wayne County	September 30, 2003
Winston County	September 30, 2003
Yazoo County	September 30, 2003
Bay St. Louis-Waveland School District	June 30, 2003
Greene County School District	June 30, 2003
Itawamba County School District	June 30, 2003
Leake County School District	June 30, 2003
Lowndes County School District	June 30, 2003
Petal School District	June 30, 2003
Webster County School District	June 30, 2003

OFFICE OF THE STATE AUDITOR
Financial and Compliance Audit Reports Released
State Fiscal Year Ended June 30, 2005

GOVERNMENT ENTITY

PERIOD ENDED

Released in October 2004

Harrison County	September 30, 2003
Newton County	September 30, 2003
Oktibbeha County	September 30, 2003
Wilkinson County	September 30, 2003
Canton Public School District	June 30, 2003
Clay County School District	June 30, 2003
East Jasper School District	June 30, 2003
Forrest County School District	June 30, 2003
Holmes County School District	June 30, 2003
Madison County School District	June 30, 2003
Mound Bayou Public Schools	June 30, 2003
Monroe County School District	June 30, 2003
Nettleton School District	June 30, 2003
Ocean Springs School District	June 30, 2003
Pascagoula Municipal Separate School District	June 30, 2003
Pass Christian Public School District	June 30, 2003
Perry County School District	June 30, 2003
Tunica County School District	June 30, 2003
Winona Public School District	June 30, 2003
Holmes Community College	June 30, 2003
Jones County Junior College	June 30, 2003
Northeast Mississippi Community College	June 30, 2003
Pearl River Community College	June 30, 2003

Released in November 2004

Adams County	September 30, 2003
Issaquena County	September 30, 2003
Lawrence County	September 30, 2003
Noxubee County	September 30, 2003
Pearl River County	September 30, 2003
Amory School District	June 30, 2003
Hazlehurst City School District	June 30, 2003
Holly Springs School District	June 30, 2003
Philadelphia Public School District	June 30, 2003
Hinds Community College	June 30, 2003
Itawamba Community College	June 30, 2003

Released in December 2004

Humphreys County	September 30, 2003
Lincoln County	September 30, 2003

OFFICE OF THE STATE AUDITOR
Financial and Compliance Audit Reports Released
State Fiscal Year Ended June 30, 2005

<u>GOVERNMENT ENTITY</u>	<u>PERIOD ENDED</u>
Pike County	September 30, 2003
Drew School District	June 30, 2003
Hattiesburg Public School District	June 30, 2003
Oktibbeha County School District	June 30, 2003
Union Public School District	June 30, 2003
Forrest County Agricultural High School	June 30, 2004
Kosciusko School District	June 30, 2004
Mississippi Delta Community College	June 30, 2003
Southwest Mississippi Community College	June 30, 2003
Expressed opinion on the State of Mississippi financial statements issued by the Department of Finance & Administration in the Comprehensive Annual Financial Report (CAFR)	June 30, 2004
 <u>Released in January 2005</u>	
Greene County	September 30, 2003
Hinds County	September 30, 2003
Jasper County	September 30, 2003
Lamar County	September 30, 2003
Columbia School District	June 30, 2003
Columbus Municipal School District	June 30, 2003
Harrison County School District	June 30, 2003
Lumberton Public School District	June 30, 2003
Marshall County School District	June 30, 2003
Smith County School District	June 30, 2003
Attala County School District	June 30, 2004
Clinton Public School District	June 30, 2004
Lee County School District	June 30, 2004
Richton School District	June 30, 2004
Coahoma Community College & Agricultural High School	June 30, 2003
 <u>Released in February 2005</u>	
Claiborne County	September 30, 2003
DeSoto County	September 30, 2003
Hancock County	September 30, 2003
Jefferson County	September 30, 2003
Jefferson Davis County	September 30, 2003
Rankin County	September 30, 2003
Washington County	September 30, 2003

OFFICE OF THE STATE AUDITOR
Financial and Compliance Audit Reports Released
State Fiscal Year Ended June 30, 2005

GOVERNMENT ENTITY

PERIOD ENDED

Hinds County School District	June 30, 2003
Lauderdale County School District	June 30, 2003
Prentiss County School District	June 30, 2003
Tupelo Public School District	June 30, 2003
West Bolivar School District	June 30, 2003
Western Line School District	June 30, 2003

Lamar County School District	June 30, 2004
Leland School District	June 30, 2004
Mound Bayou Public Schools	June 30, 2004
South Tippah School District	June 30, 2004

Released in March 2005

Amite County	September 30, 2003
Chickasaw County	September 30, 2003
Coahoma County	September 30, 2003
Grenada County	September 30, 2003
Madison County	September 30, 2003
Tunica County	September 30, 2003
Warren County	September 30, 2003
Webster County	September 30, 2003

Alcorn County School District	June 30, 2003
Claiborne County School District	June 30, 2003
Clarksdale Municipal School District	June 30, 2003
Jefferson County School District	June 30, 2003
Jones County School District	June 30, 2003
Noxubee County School District	June 30, 2003

Choctaw County School District	June 30, 2004
Enterprise School District	June 30, 2004
Tishomingo County Special Municipal Separate School District	June 30, 2004
Lawrence County School District	June 30, 2004
New Albany Public School District	June 30, 2004

State of Mississippi Single Audit Report	June 30, 2004
--	---------------

Released in April 2005

Carroll County	September 30, 2003
Copiah County	September 30, 2003
George County	September 30, 2003
Scott County	September 30, 2003
Yalobusha County	September 30, 2003

Amite County School District	June 30, 2004
Franklin County School District	June 30, 2004

OFFICE OF THE STATE AUDITOR
Financial and Compliance Audit Reports Released
State Fiscal Year Ended June 30, 2005

GOVERNMENT ENTITY

PERIOD ENDED

Humphreys County School District	June 30, 2004
Laurel School District	June 30, 2004
Marion County School District	June 30, 2004
North Bolivar School District	June 30, 2004
North Pike Consolidated School District	June 30, 2004
Quitman Consolidated School District	June 30, 2004
Rankin County School District	June 30, 2004

Released in May 2005

Benton County	September 30, 2003
Neshoba County	September 30, 2003
Perry County	September 30, 2003
Pontotoc County	September 30, 2003
Quitman County	September 30, 2003
Sunflower County	September 30, 2003
Tate County	September 30, 2003
Walthall County	September 30, 2003

Carroll County School District	June 30, 2003
Cleveland School District	June 30, 2003
East Tallahatchie School District	June 30, 2003
Greenwood Public School District	June 30, 2003

Hollandale School District	June 30, 2004
Lafayette County School District	June 30, 2004
Lincoln County School District	June 30, 2004
Poplarville Special Municipal Separate School District	June 30, 2004
Simpson County School District	June 30, 2004
Smith County School District	June 30, 2004
South Delta School District	June 30, 2004
Water Valley School District	June 30, 2004
Wayne County School District	June 30, 2004
Winona Public School District	June 30, 2004

Released in June 2005

	September 30, 2003
Alcorn County	September 30, 2003
Franklin County	September 30, 2003
Leake County	September 30, 2003
Marion County	September 30, 2003
Montgomery County	September 30, 2003
Prentiss County	September 30, 2003
Tallahatchie County	September 30, 2003

Jackson County	September 30, 2004
Lauderdale County	September 30, 2004
Stone County	September 30, 2004
Winston County	September 30, 2004

OFFICE OF THE STATE AUDITOR
Financial and Compliance Audit Reports Released
State Fiscal Year Ended June 30, 2005

GOVERNMENT ENTITY

PERIOD ENDED

Durant Public School District	June 30, 2003
Jackson Public School District	June 30, 2003
South Panola School District	June 30, 2003
West Point School District	June 30, 2003
Chickasaw County School District	June 30, 2004
DeSoto County School District	June 30, 2004
Forest Municipal School District	June 30, 2004
Hattiesburg Public School District	June 30, 2004
Jefferson County School District	June 30, 2004
Jones County School District	June 30, 2004
Natchez-Adams School District	June 30, 2004
Newton Municipal School District	June 30, 2004
Shaw School District	June 30, 2004
Walthall County School District	June 30, 2004
Webster County School District	June 30, 2004
Pearl River Community College	June 30, 2004