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CARROLL COUNTY SCHOOL DISTRICT

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

Superintendent and School Board
Carroll County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Carroll County School District as of and for the year ended June 30, 2005, which collectively comprise the Carroll County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Carroll County School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

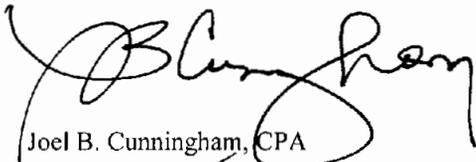
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 opinion.

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 Carroll County School District, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2005, on our consideration of the Carroll County School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages (4) through (9) and the Budgetary Comparison Schedule and corresponding notes on pages (31) through (35) 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 Carroll County 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. In addition, the Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds is presented for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Joel B. Cunningham". The signature is fluid and cursive, with a large loop at the end.

Joel B. Cunningham, CPA

December 15, 2005

CARROLL COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

CARROLL COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

The discussion and analysis of Carroll County School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this District's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the District's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets increased \$390,029, which represents a 9% increase from fiscal year 2004.
- General revenues account for \$6,627,216 in revenue, or 76% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,096,820 or 24% of total revenues.
- The District had \$8,334,007 in expenses; only \$2,096,820 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$6,627,216 were adequate to provide for these programs.
- Among major funds, the General Fund had \$5,875,005 in revenues and \$6,030,521 in expenditures. The General Fund's fund balance decreased \$213,272 over the prior year. The 16th Section Interest Fund had \$435,869 in revenues and \$4,018 in expenses with an increase in fund balance of \$431,851. The 16th Section Principal Fund had \$293,818 in revenues and \$43,088 in expenses with an increase in fund balance of \$250,730. The Construction fund had \$1,899 in revenues and \$187,007 in expenses with an increase in fund balance of \$968,321.
- Capital assets, net of accumulated depreciation, increased by \$143,021.
- Long-term debt increased by \$772,166; this increase is due to the new limited tax note.

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.

The government-wide financial statements can be found on pages 11-12 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 14 and 16, respectively.

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.

The basic governmental fund financial statements can be found on pages 13 and 15 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The School District's fiduciary activities are presented in the Statement of Fiduciary Net Assets on page 17.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-30 of this report.

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

The District adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional special revenue major fund. This required supplementary information can be found on pages 31-35 of this report.

Additionally, a schedule of expenditures of federal awards is required by OMB Cir. A-133 and can be found on page 37 of this report. The Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds can be found on page 38.

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 \$4,716,224 as of June 30, 2005.

Of the District's net assets (27%) reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment, leased property under capital leases 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 years ended June 30, 2005 and 2004.

	<u>2005</u>	<u>2004</u>	<u>Change</u>
Current assets	\$ 4,744,418	3,507,469	1,236,949
Capital assets, net	<u>3,461,186</u>	<u>3,318,165</u>	<u>143,021</u>
Total assets	<u>8,205,604</u>	<u>6,825,634</u>	<u>1,379,970</u>
Current liabilities	274,400	48,761	225,639
Long-term debt outstanding	<u>3,214,980</u>	<u>2,442,814</u>	<u>772,166</u>
Total liabilities	<u>3,489,380</u>	<u>2,491,575</u>	<u>997,805</u>
Net assets:			
Invested in capital assets, net of related debt	1,259,507	1,178,165	81,342
Restricted	2,136,501	2,604,141	(467,640)
Unrestricted	<u>1,320,216</u>	<u>551,753</u>	<u>768,463</u>
Total net assets	<u>\$ 4,716,224</u>	<u>4,334,059</u>	<u>382,165</u>

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

- \$311,246 in capital additions, consisting of two buses and construction on new gym project.
- The principal retirement of \$677,834 of long-term debt and issuance of limited tax note in the amount of \$1,450,000 to finance the new gym project.

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2005 were \$8,724,036. The total cost of all programs and services was \$8,334,007. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2005 and 2004:

	2005	2004	Change
Revenues:			
Program revenues	\$ 2,096,820	1,919,374	177,446
General revenues	6,627,216	7,096,794	(469,578)
Total revenues	8,724,036	9,016,168	(292,132)
Expenses:			
Instruction	4,510,283	4,544,793	(34,510)
Support services	3,106,480	2,764,278	342,202
Non-instructional	515,438	482,563	32,875
Sixteenth section	79,827	49,075	30,752
Interest on long-term liabilities	121,979	127,115	(5,136)
Total expenses	8,334,007	7,967,824	366,183
Increase in net assets	\$ 390,029	1,048,344	(658,315)

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		Change
	2005	2004	2005	2004	
Instruction	\$ 4,510,283	4,544,793	(3,340,439)	(3,355,713)	15,274
Support services	3,106,480	2,764,278	(2,406,874)	(2,188,661)	(218,213)
Non-instructional	515,438	482,563	(337,947)	(327,886)	(10,061)
Sixteenth section	79,827	49,075	(29,948)	(49,075)	19,127
Interest on long-term liabilities	121,979	127,115	(121,979)	(127,115)	5,136
Total expenses	\$ 8,334,007	7,967,824	(6,237,187)	(6,048,450)	(188,737)

- The net cost of governmental activities was \$6,237,187 and was financed by general revenue, which is made up of primarily property taxes of \$1,559,254 and state revenue of \$4,256,087.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$4,521,699, an increase of \$1,012,927. \$3,259,532 or 72% of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of \$1,262,167 or 28% is reserved or designated to indicate that it is not available for spending because it has already been committed.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$213,272, due primarily from a decrease in state funding. The fund balance of the 16th Section Interest Fund increased \$431,851 due to increased timber sales. The fund balance of the 16th Section Principal Fund increased \$250,730 due to normal operating procedures. The fund balance of the Construction Fund increased 968,321 primarily due to debt proceeds. The fund balance of Other Governmental Funds decreased \$424,703, due primarily to a decrease in state funding.

BUDGETARY HIGHLIGHTS

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

- Budgeted amounts for expenditures were increased for unexpected costs incurred by the district in the areas of instruction and support services.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund, 16th Section Interest Fund, and the 16th Section Principal Fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2005, the District's total capital assets were \$5,311,007 including school buildings, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$276,544 from the previous year. Total accumulated depreciation as of June 30, 2005 was \$1,849,821 and total depreciation expense for the year was \$157,919, resulting in total net assets of \$3,461,186.

Additional information of the District's capital assets can be found in Note 4 on page 26 of this report.

Debt Administration. At June 30, 2005, the District had \$3,214,980 in general obligation bonds and other long-term debt outstanding, of which \$185,000 is due within one year.

The District maintains an A+ bond rating.

Additional information of the District's long-term debt can be found in Note 5 beginning on page 27 of this report.

CURRENT ISSUES

The Carroll County School District is located in Carrollton, Mississippi. The School District is comprised of three schools, J.Z. George High School and Marshall Elementary School both of which are located in North Carrollton and Hathorn Elementary School located in Vaiden, Mississippi. The J.Z. George High School serves grades 7-12. The Marshall Elementary School serves grades K-6. The Hathorn Elementary School serves grades K-6.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Carroll County School District, P.O. Box 256, Carrollton, MS 38917 or by phone at (662) 237-9276.

CARROLL COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

CARROLL COUNTY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2005

Exhibit A

	<u>Government Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,708,908
Cash with fiscal agents	65,385
Due from other governments	226,656
Inventories and prepaid items	13,813
Other receivables	26,945
Restricted assets	1,702,711
Capital assets, net	<u>3,461,186</u>
Total assets	<u>8,205,604</u>
LIABILITIES	
Accounts payable	160,065
Performance bonds payable	15,000
Due to other governments	43,087
Interest payable on long-term liabilities	51,681
Deferred revenue	4,567
Long-term liabilities (due within one year)	
Capital-related liabilities	185,000
Long-term liabilities (due beyond one year)	
Capital-related liabilities	2,985,000
Non-capital related liabilities	<u>44,980</u>
Total liabilities	<u>3,489,380</u>
NET ASSETS	
Invested in capital assets, net of related debt	
Restricted net assets:	1,259,507
Expendable:	
School-based activities	168,003
Debt service	15,649
Forestry improvements	34,727
Unemployment benefits	22,539
Non-expendable:	
Sixteenth section principal	1,895,583
Unrestricted	<u>1,320,216</u>
Total net assets	<u>\$ 4,716,224</u>

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

CARROLL COUNTY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2005

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
Primary Government:					
Governmental Activities:					
Instruction	\$ 4,510,283	94,080	1,075,764	-	(3,340,439)
Support services	3,106,480	-	699,606	-	(2,406,874)
Non-instructional	515,438	58,336	119,155	-	(337,947)
Sixteenth section	79,827	49,879	-	-	(29,948)
Interest on long-term liabilities	121,979	-	-	-	(121,979)
Total governmental activities	\$ 8,334,007	202,295	1,894,525	-	(6,237,187)

General Revenues:

Taxes:

General purpose levies 1,542,716

Debt purpose levies 16,538

Unrestricted grants and contributions:

State 4,256,087

Federal 57,128

Unrestricted investment earnings 78,187

Sixteenth section sources 669,397

Other 7,163

Total General Revenues 6,627,216

Change in Net Assets 390,029

Net Assets - Beginning 4,334,059

Prior period adjustments (7,864)

Net Assets- Beginning, as restated 4,326,195

Net Assets - Ending \$ 4,716,224

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

CARROLL COUNTY SCHOOL DISTRICT
 Balance Sheet - Governmental Funds
 June 30, 2005

Exhibit C

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	16th Section Interest Fund	16th Section Principal Fund	Construction Fund		
ASSETS						
Cash and cash equivalents	\$ 232,187	1,203,824	990,821	1,034,568	238,329	3,699,729
Cash with fiscal agents	-	-	-	-	65,385	65,385
Investments	-	-	711,084	-	-	711,084
Due from other governments	90,248	680	806	-	135,728	227,462
Due from other funds	154,693	-	23,256	-	-	177,949
Other receivables	-	2,847	-	-	-	2,847
Advances to other funds	-	-	212,703	-	-	212,703
Inventories and prepaid items	-	-	-	-	13,813	13,813
Total Assets	\$ 477,128	1,207,351	1,938,670	1,034,568	453,255	5,110,972
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 76,757	-	-	66,247	17,061	160,065
Performance bonds payable	-	15,000	-	-	-	15,000
Due to other funds	23,256	-	-	-	130,595	153,851
Due to other governments	-	-	43,087	-	-	43,087
Deferred revenue	-	4,567	-	-	-	4,567
Advances from other funds	212,703	-	-	-	-	212,703
Total Liabilities	312,716	19,567	43,087	66,247	147,656	589,273
Fund Balances:						
Reserved for:						
Advances	-	-	212,703	-	-	212,703
Inventory	-	-	-	-	13,813	13,813
Unreserved:						
Designated, reported in:						
Capital Projects Fund	-	-	-	968,321	-	968,321
Debt Service Fund	-	-	-	-	67,330	67,330
Undesignated, reported in:						
General Fund	164,412	-	-	-	-	164,412
Special Revenue Funds	-	1,187,784	-	-	224,456	1,412,240
Permanent Funds	-	-	1,682,880	-	-	1,682,880
Total Fund Balances	164,412	1,187,784	1,895,583	968,321	305,599	4,521,699
Total Liabilities and Fund Balances	\$ 477,128	1,207,351	1,938,670	1,034,568	453,255	5,110,972

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

CARROLL COUNTY SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2005

Exhibit C-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 4,521,699
Amounts reported for governmental activities in the statement of net assets are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$1,849,821	3,461,186
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(3,214,980)
3. Interest payable on long-term debt attributable to the current period is not reported in the funds until it's due.	<u>(51,681)</u>
Total Net Assets - Governmental Activities	<u>\$ 4,716,224</u>

CARROLL COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

Exhibit D

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	16th Section Interest Fund	16th Section Principal Fund	Construction Fund		
Revenues:						
Local sources	\$ 1,649,497	-	-	1,899	77,515	1,728,911
State sources	4,163,380	-	-	-	349,777	4,513,157
Federal sources	62,128	-	-	-	1,632,456	1,694,584
Sixteenth section sources	-	435,869	293,818	-	57,698	787,385
Total Revenues	5,875,005	435,869	293,818	1,899	2,117,446	8,724,037
Expenditures:						
Instruction	3,353,621	-	-	-	1,077,932	4,431,553
Support services	2,644,615	-	-	-	495,563	3,140,178
Noninstructional services	9	-	-	-	511,873	511,882
Sixteenth section	-	4,018	43,088	-	32,722	79,828
Facilities acquisition and construction	23,200	-	-	185,930	-	209,130
Debt service:						
Principal	-	-	-	-	320,000	320,000
Interest	9,076	-	-	1,077	108,386	118,539
Total Expenditures	6,030,521	4,018	43,088	187,007	2,546,476	8,811,110
Excess (Deficiency) of Revenues Over Expenditures						
	(155,516)	431,851	250,730	(185,108)	(429,030)	(87,073)
Other Financing Sources (Uses):						
Operating transfers in	295,549	-	-	53,429	376,923	725,901
Operating transfers out	(353,305)	-	-	-	(372,596)	(725,901)
Proceeds of refunding bonds	-	-	-	1,450,000	-	1,450,000
Debt service - principal	-	-	-	(350,000)	-	(350,000)
Total Other Financing Sources (Uses)	(57,756)	-	-	1,153,429	4,327	1,100,000
Net Change in Fund Balances	(213,272)	431,851	250,730	968,321	(424,703)	1,012,927
Fund Balances:						
July 1, 2004	377,684	750,123	1,644,853	-	734,289	3,506,949
Prior period adjustments	-	5,810	-	-	(3,717)	2,093
July 1, 2004, restated	377,684	755,933	1,644,853	-	730,572	3,509,042
Decrease in reserve for inventory	-	-	-	-	(270)	(270)
June 30, 2005	\$ 164,412	1,187,784	1,895,583	968,321	305,599	4,521,699

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

CARROLL COUNTY 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, 2005

Exhibit D-1

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 1,012,927
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 purchases amounted to \$311,246 and the depreciation expense amounted to \$157,919.	153,327
2. Proceeds from debt issuance is reported as other financing sources in the governmental fund, but increases long-term liabilities on the statement of net assets.	(1,450,000)
3. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities on the statement of net assets.	670,000
4. Gains or losses on disposal of fixed assets are not reported in the governmental funds but are recognized on the statement of activities, net of proceeds.	(349)
5. Interest payable on long-term debt is not recognized as an expenditure in the governmental funds but is recognized on the statement of activities.	(3,440)
6. Decrease in inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are increased in the statement of activities.	(270)
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	7,834
	<hr/>
Change in Net Assets of Governmental Activities	<u>\$ 390,029</u>

CARROLL COUNTY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
June 30, 2005

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	<u>\$ 318,133</u>
Total Assets	<u><u>\$ 318,133</u></u>
Liabilities	
Accrued payroll liabilities	\$ 279,403
Due to other funds	24,098
Other payables	<u>14,632</u>
Total Liabilities	<u><u>\$ 318,133</u></u>

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

CARROLL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

(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 a related organization of, but not a component unit of, the city of Carrollton since the governing authority of the city selects a majority of the School District's board but does not have financial accountability for the School District.

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

Fund financial statements of the 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.

CARROLL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

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.

Sixteenth Section Interest Fund- This fund is used to account for the generation of revenues and expenditures associated with sixteenth section lands that are legally required to be accounted for in the Sixteenth Section Interest Fund. Those revenues and expenditures include, but are not limited to, timber sales, interest on investments, leases, land improvements, purchase of investments and transfers to district maintenance.

Sixteenth Section Principal Fund- This fund is used to account for the generation of revenues and expenditures associated with sixteenth section lands that are legally required to be accounted for in the Sixteenth Section Principal Fund. Those revenues include but are not limited to, sales of non-renewable resources, easements, interest on investments, loans to the district, and transfers.

Construction Fund – This fund is used to account for the ongoing construction of the new school gymnasium.

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

Additionally, the School District reports the following fund types:

GOVERNMENTAL FUNDS

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

CARROLL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

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

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 consist 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.

CARROLL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

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 in the governmental or fund financial statements since the costs of such items are accounted for as expenditures in the period of acquisition.

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 and proprietary funds. 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	\$ -	-
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

J. Long-term liabilities.

Long-term liabilities are the unmatured principal of bonds, warrants, notes, or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments. 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 5 for details.

K. Interfund Transactions and Balances.

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

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

CARROLL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

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

L. Equity Classifications.

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

Reserved for 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

CARROLL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

tax effort in dollars. Since the taxes are not levied and collected by the School District, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

N. Mississippi Adequate Education Program Revenues.

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

O. Compensated Absences.

Employees of the School District accumulate sick leave at a minimum amount as required by state law or at a greater amount provided by 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) 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 reported in the governmental funds and fiduciary funds was \$3,699,729 and \$318,133, respectively, and the bank balance was \$3,176,111 and \$612,131, respectively. On the government wide financial statements, the carrying amount is presented as cash and cash equivalents and restricted assets, which are \$2,708,908 and \$1,702,711, respectively. Restricted assets include cash and cash equivalents, investments, and other assets that are reported in the 16th Section Principal Fund.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district.

Cash with Fiscal Agents

The carrying amount of the school district's cash with fiscal agents held by financial institutions was \$65,385.

CARROLL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

Investments.

As of June 30, 2005, the district had the following investments.

<u>Investment Type</u>	<u>Maturity In Years</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Certificates of deposit	1-5	\$ 711,084	\$ 711,084
Total Investments		\$ 711,084	\$ 711,084

Interest Rate Risk - The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The district does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Investments above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district.

(3) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds:

	<u>Due From</u>	<u>Due To</u>
Major funds:		
General fund	\$ 154,693	23,256
16 th Section Principal Fund	23,256	-
Non-major Funds	-	130,595
Agency Funds	-	24,098
Total Funds	\$ 177,949	177,949

The primary purpose of the interfund receivables and payables are to close out the federal programs at year end and to record the annual payment of the interfund loan between the general fund and the 16th section principal fund. All interfund receivables and payable are expected to be paid within one year.

CARROLL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

B. Advances To/From Other Funds:

	<u>Advances To</u>	<u>Advances From</u>
Major funds:		
General fund	\$ -	212,703
16 th Section Principal Fund	<u>212,703</u>	
Total Funds	<u>\$ 212,703</u>	<u>212,703</u>

Note: The sixteenth section principal loan payable is not reflected on the statement of net assets because these funds were borrowed by the general fund from the sixteenth section principal fund (permanent fund) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions were reflected on Exhibit D.

Sixteenth section principal loans payable.

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>
2006	\$ 14,180	\$ 8,508	\$ 22,688
2007	14,180	7,941	22,121
2008	14,180	7,374	21,554
2009	14,180	6,807	20,987
2010	14,180	6,239	20,419
Thereafter	<u>141,803</u>	<u>31,196</u>	<u>172,999</u>
	<u>\$ 212,703</u>	<u>\$ 68,065</u>	<u>\$ 280,768</u>

C. Transfers In/Out.

	<u>Transfer In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$ 295,549	353,305
Construction Fund	53,429	-
Non-major Funds	<u>376,923</u>	<u>372,596</u>
Total Funds	<u>\$ 725,901</u>	<u>725,901</u>

The primary purpose of the interfund transfers out of the general fund was to finance basic operations of the district that are not directly funded. The primary reason for the transfer out of the non-major funds was to move monies that had initially been set aside in the capital projects fund back into the general fund. The remaining interfund activity was a result of normal operating activities.

CARROLL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

(4) Capital Assets.

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

	Balance 7-1-2004	Additions	Retirements	Adjustments *	Balance 6-30-2005
<u>Non-depreciable capital assets:</u>					
Land	\$ 46,921	-	-	-	46,921
Construction in progress	-	209,130	-	-	209,130
Total non-depreciable capital assets	<u>46,921</u>	<u>209,130</u>	<u>-</u>	<u>-</u>	<u>256,051</u>
<u>Depreciable capital assets:</u>					
Buildings	3,508,309	-	-	-	3,508,309
Improvements other than buildings	175,639	-	-	-	175,639
Mobile equipment	1,054,400	102,116	-	-	1,156,516
Furniture and equipment	249,194	-	(34,702)	-	214,492
Total depreciable capital assets	<u>4,987,542</u>	<u>102,116</u>	<u>(34,702)</u>	<u>-</u>	<u>5,054,956</u>
<u>Less accumulated depreciation for:</u>					
Buildings	744,499	57,951	-	-	802,450
Improvements other than buildings	62,329	5,620	-	-	67,949
Mobile equipment	727,226	65,835	-	9,957	803,018
Furniture and equipment	182,244	28,513	(34,353)	-	176,404
Total accumulated depreciation	<u>1,716,298</u>	<u>157,919</u>	<u>(34,353)</u>	<u>9,957</u>	<u>1,849,821</u>
Total depreciable capital assets, net	<u>3,271,244</u>	<u>(55,803)</u>	<u>(349)</u>	<u>(9,957)</u>	<u>3,205,135</u>
Governmental activities capital assets, net	<u>\$ 3,318,165</u>	<u>153,327</u>	<u>(349)</u>	<u>(9,957)</u>	<u>3,461,186</u>

*Adjustments represent errors in depreciation in prior fiscal periods

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 86,215
Support services	68,418
Non-instructional	<u>3,286</u>
Total depreciation expense	<u>\$ 157,919</u>

CARROLL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

(5) Long-term liabilities.

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

	Balance			Balance	Amounts due
	7-1-2004	Additions	Reductions	6-30-2005	Within one year
A. Limited obligation bonds payable	\$ 1,810,000		(90,000)	1,720,000	95,000
B. Limited tax note	-	1,450,000	-	1,450,000	90,000
C. Three mill notes payable	415,000	-	(415,000)	-	-
D. Building purpose loans payable	165,000	-	(165,000)	-	-
E. Compensated absences	52,814	-	(7,834)	44,980	-
Total	<u>\$ 2,442,814</u>	<u>1,450,000</u>	<u>(677,834)</u>	<u>3,214,980</u>	<u>185,000</u>

A. 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	varies	05/01/1998	02/01/2018	1,955,000	1,720,000
Total				<u>1,955,000</u>	<u>1,720,000</u>

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

Year Ending June 30	Principal	Interest	Total
2006	\$ 95,000	78,305	173,305
2007	100,000	73,074	173,074
2008	105,000	68,177	173,177
2009	110,000	63,560	173,560
2010	115,000	58,610	173,610
2011 – 2015	660,000	207,606	867,606
2016-2018	535,000	43,107	578,107
Total	<u>\$ 1,720,000</u>	<u>592,439</u>	<u>2,312,439</u>

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

CARROLL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

be retired from the MAEP Debt Retirement Fund.

B. Limited tax note.

During the year the District signed a limited tax note in the amount of \$1,450,000 at 3.79% interest over 12 years, for the purpose of paying the costs of acquiring, improving, constructing, renovating, repairing, heating, cooling and equipping school buildings and related facilities, perform site work therefore, purchasing school buses and transportation equipment, refinancing outstanding debt of the District and paying the costs of such borrowing. Of the proceeds, the District used \$350,000 to pay off the remaining debt balances on the three mill note payable and the building purpose loan. The interest rates for the three mill note payable and building purpose loan would have averaged 4.9% and 4.55%, respectively, over their maturity. Total interest expense at the original rates would have been \$31,844 over their maturity and total interest expense at the new rate will be \$25,392 over the maturity, resulting in an economic gain of \$6,452 for the District.

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>
Limited tax note	3.79%	04/15/2005	04/15/2018	1,450,000	1,450,000
Total				<u>1,450,000</u>	<u>1,450,000</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>
2006	\$ 90,000	54,955	144,955
2007	90,000	51,544	141,544
2008	95,000	48,133	143,133
2009	100,000	44,532	144,532
2010	110,000	40,743	150,743
2011-2015	610,000	137,956	747,956
2016-2018	<u>355,000</u>	<u>24,256</u>	<u>379,256</u>
Total	<u>\$ 1,450,000</u>	<u>402,119</u>	<u>1,852,119</u>

This debt will be retired from the debt service fund.

C. Three mill notes payable.

This debt was paid off during the year.

CARROLL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

D. Building Purpose Loan

This debt was paid off during the year

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.

(6) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the School District is required to contribute at an actuarially determined rate. The current rate is 10.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The School District's contributions to PERS for the fiscal years ending June 30, 2005, 2004 and 2003 were \$454,598, \$433,435, and \$384,510, respectively, which equaled the required contributions for each year.

(7) 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 June 30	Amount
2006	\$ 109,832
2007	101,933
2008	79,175
2009	39,209
2010	34,519
Thereafter	882,628
Total	\$ <u>1,247,296</u>

CARROLL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2005

(8) Risk Management.

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

Participation in Public Entity Risk Pool.

The School District is a member of the Mississippi Public Entity Workers' Compensation Trust (MPEWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust covers risks of loss arising from injuries to the School District's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MPEWCT contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any claim up to \$350,000. For a claim exceeding \$350,000, MPEWCT has insurance which will pay the excess up to \$1,000,000. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. The District has not had an additional assessment for excess losses incurred by the pool.

(9) Prior Period Audit Adjustments

A summary of significant fund equity adjustments is as follows:

Exhibit B- Statement of Activities

<u>Explanation</u>	<u>Amount</u>
1. Prior period fixed assets were overstated due to error in calculating depreciation expense.	\$ (9,957)
2. Prior period revenues were understated due to unrecorded 16th Section Interest Fund lease receivables	5,810
3. Prior period revenues were overstated due to over accrual of Title 1 grant receivables	<u>(3,717)</u>
	<u>\$ (7,864)</u>

Exhibit D - Statement of Revenue, Expenditures and Changes in Fund Balance

<u>Explanation</u>	
1. Prior period revenues were understated due to unrecorded 16th Section Interest Fund lease receivables	\$ 5,810
2. Prior period revenues were overstated due to over accrual of Title 1 grant receivables	<u>(3,717)</u>
	<u>\$ 2,093</u>

CARROLL COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

CARROLL COUNTY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 1,546,435	1,748,679	1,649,497	202,244	(99,182)
State sources	4,110,481	4,082,349	4,163,380	(28,132)	81,031
Federal sources	75,300	58,000	62,128	(17,300)	4,128
Total Revenues	<u>5,732,216</u>	<u>5,889,028</u>	<u>5,875,005</u>	<u>156,812</u>	<u>(14,023)</u>
Expenditures:					
Instruction	2,975,053	3,785,100	3,353,621	(810,047)	431,479
Support services	2,627,073	2,783,500	2,644,615	(156,427)	138,885
Noninstructional services	-	-	9	-	(9)
Facilities acquisition and construction	5,000	-	23,200	5,000	(23,200)
Debt service:					
Principal	14,180	14,180	-	-	14,180
Interest	8,508	8,508	9,076	-	(568)
Total Expenditures	<u>5,629,814</u>	<u>6,591,288</u>	<u>6,030,521</u>	<u>(961,474)</u>	<u>560,767</u>
Excess of Revenues Over Expenditures	<u>102,402</u>	<u>(702,260)</u>	<u>(155,516)</u>	<u>(804,662)</u>	<u>546,744</u>
Other Financing Sources (Uses):					
Operating transfers in	700,000	994,590	295,549	294,590	(699,041)
Operating transfers out	(740,491)	(291,300)	(353,305)	449,191	(62,005)
Total Other Financing Sources (Uses)	<u>(40,491)</u>	<u>703,290</u>	<u>(57,756)</u>	<u>743,781</u>	<u>(761,046)</u>
Net Change in Fund Balances	61,911	1,030	(213,272)	(60,881)	(214,302)
Fund Balances:					
July 1, 2004	<u>377,684</u>	<u>377,684</u>	<u>377,684</u>	<u>-</u>	<u>-</u>
June 30, 2005	<u>\$ 439,595</u>	<u>378,714</u>	<u>164,412</u>	<u>(60,881)</u>	<u>(214,302)</u>

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

CARROLL COUNTY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Sixteenth Section Interest Fund
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Sixteenth section sources	387,563	261,100	435,869	(126,463)	174,769
Total Revenues	<u>387,563</u>	<u>261,100</u>	<u>435,869</u>	<u>(126,463)</u>	<u>174,769</u>
Expenditures:					
Sixteenth section	500	3,123	4,018	(2,623)	(895)
Total Expenditures	<u>500</u>	<u>3,123</u>	<u>4,018</u>	<u>(2,623)</u>	<u>(895)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>387,063</u>	<u>257,977</u>	<u>431,851</u>	<u>(129,086)</u>	<u>173,874</u>
Other Financing Sources (Uses):					
Operating transfers in			-	-	-
Operating transfers out	(200,000)	(765,000)		(565,000)	765,000
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(765,000)</u>	<u>-</u>	<u>(565,000)</u>	<u>765,000</u>
Net Change in Fund Balances	187,063	(507,023)	431,851	(694,086)	938,874
Fund Balances:					
July 1, 2004, restated	<u>755,933</u>	<u>755,933</u>	<u>755,933</u>	<u>-</u>	<u>-</u>
June 30, 2005	<u>\$ 942,996</u>	<u>248,910</u>	<u>1,187,784</u>	<u>(694,086)</u>	<u>938,874</u>

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

CARROLL COUNTY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Sixteenth Section Principal Fund
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Sixteenth section sources	260,000	208,508	293,818	(51,492)	85,310
Total Revenues	260,000	208,508	293,818	(51,492)	85,310
Expenditures:					
Sixteenth section	50,000	50,000	43,088	-	6,912
Total Expenditures	50,000	50,000	43,088	-	6,912
Excess (Deficiency) of Revenues Over Expenditures	210,000	158,508	250,730	(51,492)	92,222
Other Financing Sources (Uses):					
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	210,000	158,508	250,730	(51,492)	92,222
Fund Balances:					
July 1, 2004	1,644,853	1,644,853	1,644,853	-	-
June 30, 2005	\$ 1,854,853	1,803,361	1,895,583	(51,492)	92,222

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

CARROLL COUNTY SCHOOL DISTRICT

Notes to the Required Supplementary Information
For the Year Ended June 30, 2005

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.

CARROLL COUNTY SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

CARROLL COUNTY SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2005

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	\$ 35,000
Child nutrition cluster:		
School breakfast program	10.553	114,824
National school lunch program	10.555	312,335
Total child nutrition cluster		<u>427,159</u>
Total U.S. Department of Agriculture		<u>462,159</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	596,792
Vocational education- basic grants to states	84.048	22,640
Safe and drug-free schools and communities – state grants	84.186	8,275
Eisenhower professional development state grants	84.281	12,294
State grants for innovative programs	84.298	6,756
Teacher quality enhancement grants	84.336	5,000
Rural education	84.358	44,936
Improving teacher quality state grants	84.367	193,263
Total		<u>889,956</u>
Special education cluster:		
Special education - preschool grants	84.173	261,265
Special education - grants to states	84.027	6,157
Total passed-through Mississippi Department of Education		<u>1,157,378</u>
Total U.S. Department of Education		<u>1,157,378</u>
Total for All Federal Awards		<u>\$ 1,619,537</u>

NOTES TO SCHEDULE

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

CARROLL COUNTY SCHOOL DISTRICT
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2005

<u>Expenditures</u>	<u>Total</u>	<u>Instruction</u>	<u>Administrative</u>	<u>Other</u>
Salaries and fringe benefits	\$ 6,316,690	4,074,823	745,678	1,496,189
Other	2,494,420	356,730	177,506	1,960,184
Total	<u>\$ 8,811,110</u>	<u>4,431,553</u>	<u>923,184</u>	<u>3,456,373</u>
Total number of students *	976			
Cost per student	<u>\$ 9,028</u>	<u>4,541</u>	<u>946</u>	<u>3,541</u>

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

Instruction - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type. All the 1000 functional codes.

Administrative - includes expenditures for the following functions: Support Services - General Administration (2300s); Support Services - School Administration (2400s); and Support Services - Business (2500s).

Other - includes all expenditure functions not included in Instruction or Administrative.

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

CARROLL COUNTY SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

JOEL B. CUNNINGHAM
CERTIFIED PUBLIC ACCOUNTANT
202 CHURCH STREET
BELZONI, MISSISSIPPI 39038

MAIL: P.O. BOX 675
(662) 247-2416

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

Superintendent and School Board
Carroll County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Carroll County School District as of and for the year ended June 30, 2005, and have issued our report thereon dated December 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

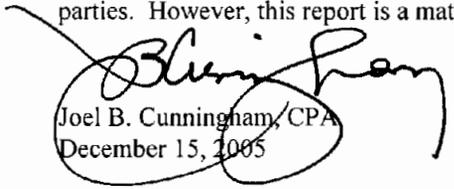
In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. We noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the Schedule of Findings and Questioned Costs as items 05-01 and 05-02.

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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, of the reportable conditions referred to above, we consider finding 05-01 to be a material weakness.

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 grant agreements and other matters, 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 disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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


Joel B. Cunningham, CPA
December 15, 2005

JOEL B. CUNNINGHAM

CERTIFIED PUBLIC ACCOUNTANT

202 CHURCH STREET

BELZONI, MISSISSIPPI 39038

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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
Carroll County School District

Compliance

We have audited the compliance of the Carroll County 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, 2005. 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, Carroll County 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, 2005.

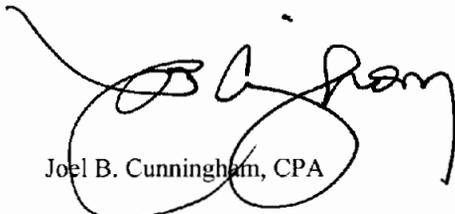
Internal Control Over Compliance

The management of the Carroll County 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no 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. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Joel B. Cunningham", is written over a circular stamp or seal.

Joel B. Cunningham, CPA

December 15, 2005

CARROLL COUNTY SCHOOL DISTRICT

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

JOEL B. CUNNINGHAM
CERTIFIED PUBLIC ACCOUNTANT
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BELZONI, MISSISSIPPI 39038

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

Superintendent and School Board
Carroll County School District

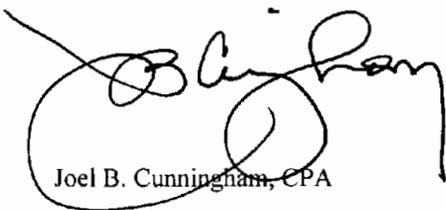
We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Carroll County School District as of and for the year ended June 30, 2005, which collectively comprise Carroll County School District's basic financial statements and have issued our report thereon dated December 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States..

Section 37-9-18(3), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the School District is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds". As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain 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 requirement of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The District reported \$14,106 classroom supply funds carried over from previous years.

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

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



Joel B. Cunningham, CPA

December 15, 2005

CARROLL COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CARROLL COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

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? | Yes |
| 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 # | 10.550 |
| | CFDA # | 10.553 |
| | CFDA # | 10.555 |
| 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 |

Section 2: Financial Statement Findings

Material Weakness:

05-01. Finding

Monthly bank reconciliations are not being done timely and the cafeteria fund bank reconciliation was not performed for June 30, 2005.

CARROLL COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

Recommendation

We recommend that bank reconciliations be performed for all bank accounts each month. We further recommend that the preparer sign and date each reconciliation as evidence of being prepared timely.

Reportable Conditions Not Considered to be Material Weaknesses:

05-02. Finding

The annual principal and interest payment for the Sixteenth Section Principal Fund loan to the General Fund was not settled in the time frame provided by the loan agreement.

Recommendation

We recommend that the district pay special attention to such matters as making timely payments on interfund loans and other financing agreements.

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.

CARROLL COUNTY SCHOOL DISTRICT

AUDITEE'S CORRECTIVE ACTION PLAN

CARROLL COUNTY SCHOOL DISTRICT

POST OFFICE BOX 256
CARROLLTON, MISSISSIPPI 38917
(662) 237-9276

As required by Section .315 of OMB Circular A-133, the Carroll County 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, 2005:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
05-01	<p>Contact a. Billy Joe Ferguson, Superintendent, 662-237-9276</p> <p>Finding b. Bank reconciliations were not performed timely and cafeteria fund bank reconciliation was not performed for June 30, 2005.</p> <p>Response c. Bank reconciliations for all accounts are now being performed monthly.</p>
05-02	<p>Contact a. Billy Joe Ferguson, Superintendent, 662-237-9276</p> <p>Finding b. Interfund loans were not settled in the time frame setforth in the loan agreement.</p> <p>Response c. We will ensure that the interfund loan is settled timely in the future.</p>

Sincerely yours,



Billy Joe Ferguson
Superintendent of Education
Carroll County School District