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FORREST COUNTY AGRICULTURAL HIGH SCHOOL

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2006

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2006

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

November 2, 2006

Superintendent and School Board
Forrest County Agricultural High School

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Forrest County Agricultural High School as of and for the year ended June 30, 2006, which collectively comprise the Forrest County Agricultural High School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Forrest County Agricultural High School'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 Forrest County Agricultural High School as of June 30, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2006, on our consideration of the Forrest County Agricultural High School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing 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.

P.O. Box 226 · 301 Central Avenue · Laurel, Mississippi 39441-0226
Phone (601) 649-3000 · Fax (601) 649-3050

The Management's Discussion and Analysis on pages 4 through 13 and the Budgetary Comparison Schedules and corresponding notes on pages 40 – 43 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 inquires of management regarding the methods of measurement and presentation of the 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 Forrest County Agricultural High School's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. In addition, the Schedule of Instructional, Administrative, and Other Expenditures – Governmental Funds is presented for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Holt + Associates PLLC

Holt & Associates, PLLC

November 2, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

The discussion and analysis of Forrest County Agricultural High School's financial performance provides an overall narrative review of the School's financial activities for the year ended June 30, 2006. The intent of this discussion and analysis is to look at the School'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'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 $643,518 in 2006 and decreased $189,579 in 2005, (including the effects of prior period adjustments in each year) which represents an increase of 18.32% and a decrease of 5.12% respectively.

- General revenues account for $4,282,894 in 2006 and $3,243,767 in 2005, or 77.04% and 81.11% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for $1,276,075 in 2006 and $755,508 in 2005 or 22.96% and 18.89% of total revenues, respectively.

- The District had $4,915,451 in 2006 and $4,119,978 in 2005 in expenses; only $1,276,075 in 2006 and $755,508 in 2005 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of $4,282,894 and $3,243,767, respectively, were adequate to provide for these programs.

- Among major funds, the General Fund had $3,862,749 in revenues and $3,648,050 in expenditures in 2006; in 2005 there were $3,387,538 in revenues and $2,981,253 in expenditures. The General Fund's fund balance increased $21,295 in 2006, and increased $23,808 in 2005. The current increase was primarily as a result of the effect of federal Hurricane Katrina disaster assistance awards being used to pay regular General Fund operating expenses.

- Capital assets, net of accumulated depreciation, increased by $119,438 in 2006, and decreased by $138,433 in 2005.

- Long-term debt decreased by $36,144 in 2006 and decreased by $37,812 in 2005.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School'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 School'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 School'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 School is improving or deteriorating.

The statement of activities presents information showing how the School'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 School that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the School include instruction, support services, non-instructional, sixteenth section and interest on long-term liabilities.

The government-wide financial statements can be found on pages 14 - 15 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School 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 School'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 that 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 School's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 17 and 19 respectively.

The School maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts.* Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental fund financial statements can be found on pages 16 - 21 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the School. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the School's own programs. The accrual basis of accounting is used for fiduciary funds. The school is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The school's fiduciary activities are presented in separate Statements of Fiduciary Net Assets on page 20 and Statement of Changes in Fiduciary Net Assets on page 21.

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 22 - 34 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 School's budget process.

The School adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found on pages 36 - 38 of this report.

Additionally, a schedule of expenditures of federal awards is required by OMB Cir. A-133 and a schedule of instructional, administrative and other expenditures for governmental funds can be found on pages 40 and 41, respectively, of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of government's financial position. In the case of the School, assets exceeded liabilities by $4,157,354 as of June 30, 2006 and $3,512,205 as of June 30, 2005.

By far the largest portion of the School's net assets at June 30, 2006 and 2005 (61.25% and 68.10%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, mobile equipment, furniture and equipment, and construction in progress, less any related debt used to acquire those assets that is still outstanding). The School uses these capital assets to provide services to its students; consequently these assets are not available for future spending.

The School'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 School's net assets for the fiscal years ended June 30, 2006 and 2005.

	2006	2005	Percentage Change
Current assets	$ 1,953,322	$ 1,358,694	44%
Capital assets, net	3,221,386	3,101,948	4%
Total assets	5,174,708	4,460,642	16%
Current liabilities	356,658	211,597	69%
Long-term debt outstanding	660,696	736,840	-10%
Total liabilities	1,017,354	948,437	7%
Net assets:			
Invested in capital assets, net of related debt	2,546,386	2,391,948	6%
Restricted	1,060,072	591,800	79%
Unrestricted	550,896	528,457	4%
Total net assets	$ 4,157,354	$ 3,512,205	18%

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

- Federal Hurricane Katrina disaster assistance grants paid a significant portion of regular operational expenses, therefore increasing ending available current assets and unrestricted net assets.

Changes in net assets. The School's total revenues for the fiscal year ended June 30, 2006 and 2005 were $5,558,969 and $3,999,275, respectively. The total cost of all programs and services was $4,915,451 in 2006 and $4,119,978 in 2005. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2006 and 2005.

	2006	2005	Percentage Change
Revenues:			
Program revenues			
Charges for services	$ 176,769	$ 201,172	-12%
Operating grants and contributions	995,546	495,632	101%
Capital grants and contributions	103,760	58,704	77%
General revenues			
Taxes	1,306,182	1,164,645	12%
Grants and contributions not restricted	2,353,171	2,064,219	14%
Insurance Proceeds	554,323	-	100%
Interest Earned	14,911	14,903	0%
Other	54,307	-	100%
Total Revenues	5,558,969	3,999,275	39%
Expenses:			
Instruction	2,875,261	2,544,204	13%
Support Services	1,802,022	1,346,842	34%
Non-instructional	204,395	193,057	6%
Interest on long-term liabilities	33,773	35,875	-6%
Total Expenses	4,915,451	4,119,978	19%
Increase in Net Assets	643,518	(120,703)	-633%
Prior Period Adjustment	1,631	(68,876)	-102%
Net Assets, July 1	3,512,205	3,701,784	-5%
Net Assets, June 30	$ 4,157,354	$ 3,512,205	18%

Governmental activities. The following table presents the cost of four major School functional activities: instruction, support services, non-instructional, and interest on long-term debt. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and School's taxpayers by each of these functions.

	2006		2005	
	Total Expenses	Net (Expense) Revenue	Total Expenses	Net (Expense) Revenue
Instruction	$ 2,875,261	$ (1,797,990)	$ 2,544,204	$ (1,938,311)
Support Services	1,802,022	(1,752,610)	1,346,842	(1,344,446)
Non-instructional	204,395	(55,003)	193,057	(45,838)
Interest on long-term liabilities	33,773	(33,773)	33,875	(35,875)
Total expenses	$ 4,915,451	$ (3,639,376)	$ 4,117,978	$ (3,364,470)

- Net cost of governmental activities in 2006 was $3,639,376 and in 2005 was $3,364,470 financed by general revenue, which is made up of primarily property taxes in 2006 and 2005 of $1,306,182 and $1,164,645, respectively.

- Investment earnings accounted for funding of $14,911 in 2006 and $14,903 in 2005.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the School as a whole is reflected in its governmental funds. As the School completed the year, its governmental funds reported a combined fund balance of $1,636,663 in 2006, an increase of $487,537 and $1,147,097 in 2005, a decrease of $82,900. Of the fund balance, $656,825 or 40.13% in 2006 and $553,100 or 45.37% in 2005, constitutes unreserved and undesignated fund balance, which is available for spending at the School's discretion. The remaining fund balance

of $979,838 or 59.87% in 2006 and $593,997 or 54.63% in 2005, is reserved or designated to indicate that it is not available for spending because it has already been committed.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for fiscal year 2006 was $21,295. The fund balances in all other funds increased a total of $489,566.

BUDGETARY HIGHLIGHTS

Over the course of the year, the School revised the annual operating budget. Some of the significant adjustments are described below.

Due to the damages sustained by Hurricane Katrina, the District had to increase its repair and maintenance supplies and its purchased services.

Fund 2572 – Restart Grant Money with a budget of $802,675 was added to account for federal dollars received to enhance programs and classrooms within our school district. These dollars were received as a result of Hurricane Katrina.

Fund 2579 – FEMA Disaster Relief with a budget of $103,759 was added to account for federal dollars received to repair damages sustained as a result of Hurricane Katrina.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The School's total capital assets as of June 30, 2006 were $4,413,005 and $4,192,453 as of June 30, 2005, including school buildings, buses, other school vehicles, and furniture and equipment. This amount represents an increase of $220,552 from the previous year. Total accumulated depreciation as of June 30, 2006 was $1,191,622 and total depreciation expense was $117,000. Total accumulated depreciation as of June 30, 2005 was $1,090,505. Total net assets were $3,221,386 and $3,101,948, respectively.

	Capital Assets, Net of Depreciation		Percentage
	2006	2005	Change
Land	640	640	0.0%
Buildings	2,802,892	2,874,024	-2.5%
Building improvements	254,637	109,280	133.0%
Improvements other than Buildings	50,182	1,107	4433.2%
Mobile equipment	97,249	94,988	2.4%
Furniture and equipment	15,786	21,909	-27.9%
Total	$ 3,221,386	$ 3,101,948	**3.9%**

Additional information of the School's capital assets can be found in Note 5 on page 31 - 32 of this report.

Debt Administration. At June 30, 2006 and 2005 the School had $700,696 and $736,840, respectively, in limited obligation bonds and other long-term debt outstanding, with $40,000 in 2006 and $35,000 in 2005 due within one year.

	Outstanding Debt		Percentage
	2006	2005	Change
Limited obligation bonds payable	675,000	710,000	-4.9%
Compensated absences payable	25,696	26,840	-4.3%
Total	$ 700,696	$ 736,840	**-4.9%**

Additional information of the School's long-term debt can be found in Note 6 on page 32 - 33 of this report.

CURRENT ISSUES

Forrest County Agricultural High School is financially stable. The School is proud of its community support.

Student enrollment for the 2006-2007 school year is 574 which relatively consistent with the enrollment at the end of the 2005-2006 school year.

Based upon the State of Mississippi school accountability system, the Forrest County AHS is rated Level 5 "Superior."

The School was selected as a recipient of a $500,000 CISCO grant. These dollars will be used to purchase classroom sets of laptops for students and various upgrades to our technology to use for instructional purposes.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Forrest County Agricultural High School, 215 Old Highway 49 East, Brooklyn, MS 39425.

FINANCIAL STATEMENTS

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
STATEMENT OF NET ASSETS
JUNE 30, 2006

EXHIBIT A

	Primary Government Governmental Activities
ASSETS:	
Cash and cash equivalents (Note 3)	$ 1,708,455
Due from Other Governments	216,331
Inventories and prepaid items	28,536
Capital assets, not being depreciated:	
Land	640
Capital assets, net of accumulated depreciation:	
Buildings	2,802,892
Building Improvements	254,637
Improvements o/t Buildings	50,182
Mobile Equipment	97,249
Furniture and Equipment	15,786
TOTAL ASSETS	$ 5,174,708
LIABILITIES:	
Accounts payable and accrued liabilities	$ 313,436
Unearned revenue	3,222
Long-term liabilities (Due within one year) (Note 6)	
Capital related liabilities	40,000
Long-term liabilities (Due beyond one year) (Note 6)	
Capital related liabilities	635,000
Non-capital related liabilities	25,696
TOTAL LIABILITIES	$ 1,017,354
NET ASSETS:	
Investment in capital assets (net of related debt)	$ 2,546,386
Restricted net assets:	
Expendable:	
School-Based Activities	123,747
Debt Service	29,248
Capital Improvement	895,802
Unemployment Benefits	11,275
Unrestricted:	550,896
TOTAL NET ASSETS	$ 4,157,354

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT B

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction	$ 2,875,261	$ 118,493	$ 855,018	$ 103,760	$ (1,797,990)
Support Services	1,802,022	-	49,412	-	(1,752,610)
Non-instructional	204,395	58,276	91,116	-	(55,003)
Interest & other expenses on long-term liabilities	33,773	-	-	-	(33,773)
Total governmental activities	$ 4,915,451	$ 176,769	$ 995,546	$ 103,760	(3,639,376)

General Revenues:	
Taxes:	
General purpose levies	1,306,167
Debt purpose levies	15
Unrestricted grants & contributions:	
State	2,353,171
Unrestricted investment earnings	14,911
Insurance Loss Recoveries	554,323
Gain on Disposition of Assets	20,813
Other	33,494
Total General Revenues	4,282,894
Change in Net Assets	643,518
Net Assets - Beginning	3,512,205
Prior Period Adjustment (Note 10)	1,631
Net Assets - Ending	$ 4,157,354

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2006

EXHIBIT C

	MAJOR FUNDS				
	General Fund	Restart Grant	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents (Note 3)	$ 697,030	$ 59,983	$ 885,704	$ 65,738	$ 1,708,455
Due from Other Governments	49,638	-	-	166,693	216,331
Inventories and prepaid items	22,675	-	-	5,861	28,536
TOTAL ASSETS	$ 769,343	$ 59,983	$ 885,704	$ 238,292	$ 1,953,322
LIABILITIES & FUND BALANCES:					
Liabilities:					
Accounts payable and accrued liabilities	$ 192,751	$ 73,918	$ -	$ 46,768	$ 313,437
Unearned revenues	-	-	-	3,222	3,222
Total Liabilities	192,751	73,918	-	49,990	316,659
Fund Balances:					
Reserved For:					
Advalorem	14,977	-	-	-	14,977
Inventory	22,675	-	-	5,861	28,536
Unemployment Benefits	-	-	-	11,275	11,275
Debt Service Funds	-	-	-	29,248	29,248
Unreserved:					
Designated, reported in:					
Capital Projects	-	-	885,704	10,098	895,802
Undesignated, reported in:					
General Fund	538,940	-	-	-	538,940
Special Revenue Funds	-	(13,935)	-	131,820	117,885
Total Fund Balances	576,592	(13,935)	885,704	188,302	1,636,663
TOTAL LIABILITIES & FUND BALANCE	$ 769,343	$ 59,983	$ 885,704	$ 238,292	$ 1,953,322

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

EXHIBIT C-1

		Amount
Total Fund Balance - Governmental Funds	$	1,636,663
Amounts reported for net assets in the statement of net assets are different because:		
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $1,191,622. (Note 5)		3,221,386
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 6)		(700,695)
Total Net Assets - Governmental Activities	$	4,157,354

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT D

	MAJOR FUNDS				
REVENUES	**General Fund**	**Restart Grant**	**Capital Improvement Fund**	**Other Governmental Funds**	**Total Governmental Funds**
Local Sources	$ 1,466,788	$ -	$ 5,875	$ 58,694	$ 1,531,357
State Sources	2,392,289	-	-	198,647	2,590,936
Federal Sources	3,672	326,793	-	531,074	861,539
TOTAL REVENUES	3,862,749	326,793	5,875	788,415	4,983,832
EXPENDITURES					
Instruction	1,949,387	340,728	-	814,825	3,104,940
Support Services	1,667,046	-	98,256	39,453	1,804,755
Noninstructional Services	31,617	-	-	147,611	179,228
Facilities Acquisition & Const.	-	-	-	-	-
Debt Service:					
Principal	-	-	-	35,000	35,000
Interest	-	-	-	33,773	33,773
TOTAL EXPENDITURES	3,648,050	340,728	98,256	1,070,662	5,157,696
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	214,699	(13,935)	(92,381)	(282,247)	(173,864)
OTHER FINANCING SOURCES (USES)					
Insurance Loss Recoveries	679,664	-		-	679,664
Indirect Costs	-	-	-	-	-
Operating Transfers In	332,315	-	483,700	392,982	1,208,997
Other financing sources (uses)	-	-	-	(18,263)	(18,263)
Operating Transfers Out	(1,208,997)	-	-	-	(1,208,997)
TOTAL OTHER FINANCING SOURCES (USES)	(197,018)	-	483,700	374,719	661,401
NET CHANGE IN FUND BALANCES	17,681	(13,935)	391,319	92,472	487,537
FUND BALANCE: JULY 1, 2005	555,297	-	494,385	97,415	1,147,097
INCREASE (DECREASE) IN RESERVE FOR INVENTORY	3,614	-	-	(1,585)	2,029
JUNE 30, 2006	$ 576,592	$ (13,935)	$ 885,704	$ 188,302	$ 1,636,663

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT D-1

Net Change in fund balances - governmental funds	$	487,537
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchases amounted to $339,334 and the depreciation expense amounted to $117,000. The net gain on retirement of asset was $20,813. (Note 5)		117,807
2. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of activity. (Note 6)		36,144
3. Increase (decrease) in inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are increased (decreased) in the statement of activity.		2,029
4. Rounding		1
Change in net assets of governmental activities	$	643,518

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2006

EXHIBIT E

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	$ 48,252	$ 20,697
TOTAL ASSETS	48,252	20,697
LIABILITIES		
Due to Student Clubs	-	20,697
TOTAL LIABILITIES	-	$ 20,697
NET ASSETS		
Reserved for endowments	48,252	
TOTAL NET ASSETS	$ 48,252	

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT F

	Private-Purpose Trust Funds
ADDITIONS:	
Interest on Investments	$ 881
Contributions and Donations from private sources	2,322
TOTAL ADDITIONS	3,203
DEDUCTIONS:	
Scholarships awarded	2,000
TOTAL DEDUCTIONS	2,000
CHANGE IN NET ASSETS	1,203
NET ASSETS:	
July 1, 2005	47,049
June 30, 2006	$ 48,252

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

(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 financial statements of the school are considered separately issued financial statements of a governmental component unit. The Forrest County Agricultural High School is considered a component unit of Forrest County, Mississippi. The school is governed by a six member board to which one is an at large member (elected Superintendent of Forrest County School District), two members are appointed by the Forrest County School District Board and three are appointed by the Forrest County Board of Supervisors.

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.

Governmental-Wide Financial Statements:

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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-balance accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

C. Measurement Focus and Basis of Accounting.

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting as are the Fiduciary Fund financial statements. Revenue are recognized when earned and expenses are recorded when the liability is incurred or economic asset used regardless of when the related cash flow takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Program revenues on the Statement of Activities consist primarily of state appropriations and federal awards.

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

The School District reports the following major governmental funds:

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

Restart Grant Fund – This is the fund that accounts for federal grant revenues and expenditures from grant money related to Hurricane Katrina.

Capital Improvement Fund – This is the fund that accounts for funds, authorized by the school board, to be transferred from the general fund and used for school-wide capital improvements.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally the School District reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

FIDUCIARY FUNDS

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

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 operation.

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting* as issued in 2005 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 1990* issued by the U.S. Department of Education.

E. Encumbrances.

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

F. Cash and Cash Equivalents.

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Investments.

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

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

H. Inventories and Prepaid Items.

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

The costs of government-wide fund type inventories are reported as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental and fund financial statements.

I. Capital Assets.

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

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

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	Capitalization Policy	Estimated Useful Life
Land	0	0
Buildings	50,000	40 years
Buildings 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 lease	*	*

(*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 5 for details.

J. Long-term Liabilities.

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

K. Interfund Transactions and Balances.

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

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

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications.

Government-Wide Financial Statements:

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

a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, constructions, or improvement of those assets.
b. 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.
c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

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

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

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

Reserved for advalorem – An account used to record the ad valorem taxes collected in excess of legal limitations for the current fiscal year.

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Property Taxes.

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

N. Minimum Adequate Education Program Revenues.

Revenues from the state minimum 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 to do so by Section 37-7-307(5), Miss Code Ann. (1972).

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

P. Other Significant Accounting Policies.

The Debt Service Funds for long-term debt issued prior to April 15, 1986, under the provisions of Section 37-59-101, Miss. Code Ann. (1972), et seq., and prior to March 3, 1987, under the provisions of Section 37-59-1, Miss. Code Ann. (1972), et seq., are maintained by the governing authority of the county and are not included in the government-wide financial statements of the School District. The borrowing of money by the issuance of the debt referred to above was a function of the governing authority of the county prior to April 15, 1986 or March 3, 1987, as the case may be.

In our state, school boards and superintendents had no responsibility in connection with the debt issued before the dates referred to above. The payment of this debt is an obligation of the governing authority of the county who is acting for the school district.

In connection with any debt issued subsequent to the dates referred to above, the School board is responsible for the issuance and maintenance of School District related debt.

(2) *CHANGES IN ACCOUNTING STANDARDS.*

As required, the Forrest County Agricultural High School has implemented Government Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* for the current fiscal year. This Statement requires governments to evaluate major events effecting capital assets to determine whether they are impaired. Such events include physical damage, changes in legal or environmental factors technology changes or obsolescence, changes in the manner or duration of use and construction stoppage. Appropriate note disclosures have been incorporated to comply with the requirements of this standard.

(3) *CASH AND CASH EQUIVALENTS AND INVESTMENTS.*

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest surplus funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government or enumerated agency of the United States; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or interest in, and open-end or closed-end any management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of $100 or more of any fund must be credited to that fund. Amounts less than $100 can be credited to the General Fund.

(3) *CASH AND CASH EQUIVALENTS AND INVESTMENTS. (CONTINUED)*

Cash and Cash Equivalents.

The carrying amount of the School District's deposits with financial institutions reported in the governmental funds and fiduciary funds was $1,708,455 and $68,949, respectively. The carrying amount of deposits reported in the government-wide statements was: Cash and cash equivalents $1,708,455. The bank balance was $2,042,559.

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2006, none of the school's bank balances were exposed to custodial credit risks.

(4) *INTERFUND TRANSACTIONS AND BALANCES.*

The following is a summary of interfund transactions and balances:

All interfund loans in the governmental funds are to be offset deficit fund balances.

A. Transfers In/Out:

	Transfer In	Transfer Out
Governmental Funds:		
General Fund	$ 332,315	$1,208,997
Capital Improvement Fund	483,700	0
Other Governmental Funds:	392,982	0
Total Funds	$1,208,997	$1,208,997

The transfers represent board approved operating transfers for school operations and planning purposes.

(5) *CAPITAL ASSETS*

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

	Balance 7/1/2005	Additions	Retirements	Adjustments	Balance 6/30/2006
Non-depreciable capital assets:					
Land	$ 640	$ -	$ -	$ -	$ 640
Total Non-depreciable capital assets	640	-	-	-	640
Depreciable capital assets:					
Buildings	3,690,042	-	-	-	3,690,042
Building Improvements	118,782	265,245	118,782	-	265,245
Improvements o/t Buildings	110,716	57,159			167,875
Mobile equipment	174,605	16,930	-	-	191,535
Furniture and equipment	97,668	-	-	-	97,668
Total depreciable capital assets	4,191,813	339,334	118,782	-	4,412,365
Less Accumulated Depreciation for:					
Buildings	816,018	71,132	-	-	887,150
Building Improvements	9,502	15,361	14,255	-	10,608
Improvements o/t Buildings	109,609	8,084			117,693
Mobile equipment	79,617	16,300	-	(1,631)	94,286
Furniture and equipment	75,759	6,123	-	-	81,882
Total Accumulated Depreciation	1,090,505	117,000	14,255	(1,631)	1,191,619
Total Depreciable Capital Assets, Net	3,101,308	222,334	104,527	1,631	3,220,746
Governmental Activities Capital Assets, Net	$ 3,101,948	$ 222,334	$ 104,527	$ 1,631	$ 3,221,386

An adjustment to accumulated depreciation on mobile equipment in the amount of $1,631 was made due to depreciation taken on an asset that was fully depreciated.

(5) *CAPITAL ASSETS (CONTINUED)*

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	$93,870
Support Services	14,197
Noninstructional	8,933
Total depreciation expense	$117,000

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

There were no outstanding construction commitments as of June 30, 2006.

(6) *LONG TERM LIABILITIES*

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

		Balance 7/1/2005	Additions	Reductions	Balance 6/30/2006	Amounts due w/in one yr
A.	Limited Oblig. Bonds Payable	$ 710,000	$ -	$ 35,000	$ 675,000	$ 40,000
B.	Comp. Absences Payable	26,840	-	1,144	25,696	-
	Total	$ 736,840	$ -	$ 36,144	$ 700,696	$ 40,000

A. Limited Obligation Bonds Payable

Limited obligation bonds are direct obligations and pledge the full faith and credit of the School District. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement	Varies	2/3/1998	2/1/2018	$ 870,000	$ 675,000

(6) LONG-TERM LIABILITIES (CONTINUED)

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

Year Ending June 30	Principal	Interest	Total
2007	$ 40,000	$ 31,930	$ 71,930
2008	40,000	30,150	70,150
2009	45,000	28,215	73,215
2010	45,000	26,123	71,123
2011	45,000	23,985	68,985
2012 – 2016	270,000	83,152	353,152
2012 – 2016	190,000	12,625	202,625
Total	$675,000	$236,180	$911,180

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 is being retired from the MAEP Debt Retirement Fund.

B. Compensated Absences Payable

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

(7) DEFINED BENEFIT PENSION PLAN

Plan Description. The Forrest County Agricultural High School 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 Forrest County Agricultural High School 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 Forrest County Agricultural High School's contributions to PERS for the fiscal years ending June 30, 2006, 2005, and 2004 were $259,696, $220,185 and $204,327 respectively, which equaled the required contributions for each year.

(8) ***DEFICIT FUND BALANCE OF INDIVIDUAL FUNDS***

A generic fund type listing of the individual funds that have a deficit fund balance, including amounts of the deficit, is as follows:

Fund	Fund Balance
Title VI	$ 3,322
Title II Improving Schools	7,630
Restart Grant	13,935
Title VI Drug Free Schools	1,860

The deficit fund balances are not in violation of state law. These deficits could have been eliminated with a transfer from the District Maintenance Fund (General fund).

(9) ***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. 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.

(10) ***PRIOR PERIOD ADJUSTMENT***

A prior period adjustment was made to correct the accumulated depreciation in the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 1a

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
REVENUES					
Local Sources	$ 1,398,115	$ 2,171,844	$ 1,466,788	$ 773,729	$ (705,056)
State Sources	2,309,366	2,394,740	2,392,289	85,374	(2,451)
Federal Sources	-	3,672	3,672	3,672	-
TOTAL REVENUES	3,707,481	4,570,256	3,862,749	862,775	(707,507)
EXPENDITURES					
Instruction	2,041,560	2,044,290	1,949,387	(2,730)	94,903
Support Services	1,274,018	1,763,806	1,667,046	(489,788)	96,760
Noninstructional Services	27,000	38,285	31,617	(11,285)	6,668
Facilities Acquisition & Const.	40,000	-	-	40,000	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
TOTAL EXPENDITURES	3,382,578	3,846,381	3,648,050	(463,803)	198,331
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	324,903	723,875	214,699	(398,972)	509,176
OTHER FINANCIAL SOURCES (USES)					
Other financing sources	75,271	332,315	1,011,979	257,044	679,664
Operating Transfers Out	(276,084)	(1,195,056)	(1,208,997)	(918,972)	(13,941)
TOTAL OTHER FINANCING SOURCES (USES)	(200,813)	(862,741)	(197,018)	(661,928)	665,723
NET CHANGE IN FUND BALANCES	124,090	(138,866)	17,681	(262,956)	156,547
FUND BALANCE, JULY 1, 2005,	276,027	483,457	555,297	207,430	71,840
Increase (Decrease) in Reserve for Inventory	-	-	3,614	-	3,614
FUND BALANCE, JUNE 30, 2006	$ 400,117	$ 344,591	$ 576,592	$ (55,526)	$ 232,001

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
BUDGETARY COMPARISON SCHEDULE FOR THE RESTART GRANT
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 1b

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
REVENUES					
Local Sources	$ -	$ -	$ -	$ -	$ -
State Sources	-	-	-	-	-
Federal Sources	-	802,675	326,793	802,675	(475,882)
TOTAL REVENUES	-	802,675	326,793	802,675	(475,882)
EXPENDITURES					
Instruction	-	791,925	340,728	(791,925)	451,197
Support Services	-	-	-	-	-
Noninstructional Services	-	-	-	-	-
Facilities Acquisition & Const.	-	-	-	-	-
Debt Service:				-	
Principal	-	-	-	-	-
Interest	-	-	-	-	-
TOTAL EXPENDITURES	-	791,925	340,728	(791,925)	451,197
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	10,750	(13,935)	1,594,600	(927,079)
OTHER FINANCIAL SOURCES (USES)					
Other financing sources	-	-	-	-	-
Other financing uses	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	10,750	(13,935)	1,594,600	(927,079)
FUND BALANCE, JULY 1, 2005,	-	-	-	-	-
FUND BALANCE, JUNE 30, 2006	$ -	$ 10,750	$ (13,935)	$ 1,594,600	$ (927,079)

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006

Budgetary Comparison Schedule

(1) Basis of Presentation.

The Budgetary Comparison Schedules present the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budgets and the actual data.

(2) Budget amendments and revisions.

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

(3) Individual Fund Disclosures.

Individual funds that were required to be budgeted but were not budgeted are as follows:

Individual funds	Amount
Displaced Students	$75,068

The unbudgeted funds are in violation of state law. However, the school district has no liability associated with this violation.

SUPPLEMENTARY INFORMATION

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed-Through Mississippi Dept. of Education:		
Child Nutrition Cluster		
National School Lunch Program	10.555	90,011
Total Child Nutrition Cluster		90,011
Total U.S. Dept. of Agriculture		90,011
U.S. DEPARTMENT OF EDUCATION		
Passed-Through Mississippi Dept. of Education:		
Title I Grants to Local Educational Agencies	84.010	133,272
Migrant Education - State Grant Program	84.011	22,439
Vocational Education - Basic Grants to States	84.048	2,954
Safe and Drug Free Schools and Communities - State Grants	84.186	3,003
State Grants for Innovative Programs	84.298	6,714
Education Technology State Grants	84.318	4,164
Improving Teacher Quality - State Grants	84.367	24,203
Student Monitoring	84.369	3,672
Hurricane Education Recovery	84.938	401,861
Total		602,282
Special Education Cluster:		
Special Education - Grants to States	84.027	64,631
Total Special Education Cluster		64,631
Total Passed-Through MDE		666,913
Total U.S. Department of Education		666,913
DEPARTMENT OF HOMELAND SECURITY		
Passed-Through the Mississippi Department of Homeland Security		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	103,760
Total Department of Homeland Security		103,760
Total for all Federal Awards		$ 860,684

NOTES TO THE SCHEDULE:

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
SCHEDULE OF INSTRUCTIONAL, ADMINISTRATIVE, AND OTHER EXPENDITURES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administrative	School Administrative	Other
Salaries and fringe benefits	$ 3,331,040	$ 2,672,621	$ 201,247	$ 209,301	$ 247,871
Other	1,826,656	661,133	78,702	27,961	1,058,860
Total	$ 5,157,696	$ 3,333,754	$ 279,949	$ 237,262	$ 1,306,731
Total number of students	562				
Cost per student	$ 9,177	$ 5,932	$ 498	$ 422	$ 2,325

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

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

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

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

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

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

November 2, 2006

Superintendent and School Board
Forrest County Agricultural High School

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Forrest County Agricultural High School as of and for the year ended June 30, 2006, and have issued our report thereon dated November 2, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted 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 or the internal control over financial reporting that, in our judgment, could adversely affect the school district's ability to initiate, record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the Schedule of Findings and Questioned Costs as Finding 06-1, 06-2, 06-3, and 06-4.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described in the findings referred to above, we consider Findings 06-1 and 06-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance that are required to be reported under *Governmental Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated November 2, 2006, which is included in this report.

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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.

Holt & Associates PLLC

Holt & Associates, PLLC

November 2, 2006

HOLT & ASSOCIATES, PLLC

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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

November 2, 2006

Superintendent and School Board
Forrest County Agricultural High School

Compliance

We have audited the compliance of the Forrest County Agricultural High School with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying 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, Forrest County Agricultural High School complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the Forrest County Agricultural High School 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.

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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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of law, 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 did not note any matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the School board, 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.

Holt & Associates PLLC

Holt & Associates, PLLC

November 2, 2006

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

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

November 2, 2006

Superintendent and School Board
Forrest County Agricultural High School

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Forrest County Agricultural High School as of and for the year ended June 30, 2006, and have issued our report thereon dated November 2, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed the following instances of noncompliance. The noncompliance is reported in finding number 3 below. The district reported $6,023 of classroom supply funds carried over from previous years.

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the findings in this report to insure that corrective action has been taken.

Finding #1:
A construction project for greater than $15,000 was not properly bid.

Recommendation:
In accordance with Section 31-7-13, Miss. Code Ann. (1972), purchases totaling more than $15,000 should have two written bids.

Finding #2:
The school district did not timely advertise for bids for depositories.

Recommendation:
In accordance with Section 37-7-333, Miss. Code Ann. (1972), depositories should be advertised for bid once every three years.

Finding #3:
Federally funded teachers were allocated monies from the Classroom Supplies and Instructional Materials fund.

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Recommendation:
In accordance with Section 37-61-33(3)(iii), Miss. Code Ann. (1972), federally funded teachers should not be allocated monies from this fund. Federally funded teachers should be allocated money for supplies from the federal fund from which they are being paid or eligible sources, rather than from the Classroom Supplies and Instruction Materials fund.

Finding #4:
In accordance with Section 37-61-19, Miss. Code Ann. (1972), the Displaced Student fund was not budgeted.

Recommendation:
All funds should be budgeted as required by state law.

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the findings in this report to insure that corrective action has been taken.

This report is intended for the information 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.

Holt & Associates PLLC

Holt & Associates, PLLC
November 2, 2006

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the general purpose financial statements: Unqualified

2. Material noncompliance relating to the general purpose 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. Title I Grants to Local Educational Agencies: CFDA #84.010

   d. Hurricane Education Recovery: CFDA #: 84.938

8. The dollar threshold used to distinguish between type A and type B programs: $300,000

9. Auditee qualified as a low-risk auditee? No

10. Prior fiscal year audit 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

The results of our tests disclosed the following findings relating to the financial statements:

Material Weakness

Finding 06-1:

Condition: The same individual performed accounting functions which indicated lack of proper segregation of duties for an efficient internal control structure.

Criteria: An efficient internal control structure would allow for proper segregation of duties of accounting functions.

Effect: Lack of proper internal controls.

Recommendation: Due to the size of operations, the cost of hiring staff to appropriately segregate duties would exceed any benefit.

Finding 06-2:

Condition: The bank statements were not reconciled on a timely basis. Therefore, this caused cash to be overstated on the FETS report to the state.

Criteria: Internal controls should be in place so that bank statements are reconciled on a timely basis.

Effect: FETS reports were incorrect.

Recommendation: Bank statements should be reconciled each month to the general ledger and reconciling items corrected at that time.

Reportable Conditions Not Considered to be Material Weaknesses

Finding 06-3:

Condition: Additions to capital assets were not added to the subsidiary ledger and depreciation schedule. These were added and depreciation computed as part of the audit procedures.

Criteria: Internal controls should be in place to insure that all additions to capital assets are added to the subsidiary ledger and depreciation schedule.

Effect: Depreciation was incorrectly computed and the subsidiary ledger did not accurately reflect the capital assets of the school.

Recommendation: Additions and deletions to capital assets should be reconciled to the general ledger each month and the appropriate entries made to the subsidiary ledger and depreciation schedule.

Finding 06-4:

Condition: In our test of lunch room sales, one report did not have a manager's signature, on one report the wrong amounts were posted and the receipt was not completed, and seven out of 19 were more than two days between collection and deposit.

Criteria: Internal controls should be in place so that reports are completed accurately and timely and all deposits are made as quickly as possible.

Effect: Incorrect reports and coding to the financial statements.

Recommendation: Errors were noted on reports when the business manager was not reviewing and signing the reports. Therefore, other individuals responsible for completing the reports when the business manager is absent should be properly trained on the appropriate completion of the reports. Deposits should be made as quickly as possible after collection of the money to avoid increased exposure to theft and loss of interest income.

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.

AUDITEE'S CORRECTIVE ACTION PLAN AND SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Forrest County Agricultural High School

KYLE NOBLES
SUPERINTENDENT

AUDITEE'S CORRECTIVE ACTION PLAN
AND
SCHEDULE OF PRIOR AUDIT FINDINGS

As required by Section__.315 (b) of OMB Circular A-133, the Forrest County Agricultural High School has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2006:

Finding:	Corrective Action Plan Details:
06-1:	a. Name of Contact Person Responsible for Corrective Action: Kyle Nobles, Superintendent and Lori Dubose, Business Manager
	b. Corrective Action Planned: An additional staff member has been added to assist with the segregation of duties. The duties in the Business Office will be separated to the greatest possible extent with a staff of three. The Business Office staff will devise a daily system of checks and balances for all cash transactions and payroll functions to ensure accuracy and reliability.
	c. Anticipated Completion Date: A part-time employee has been added to the Business Office staff. The process of segregation of duties between the three staff members has already been implemented to some extent.
06-2:	a. Name of Contact Person Responsible for Corrective Action: Kyle Nobles, Superintendent and Lori Dubose, Business Manager
	d. Corrective Action Planned: Procedures will be designed to ensure that all monthly bank reconciliations are complete before beginning a new month. All reconciling items noted at month end will be researched and corrected. The Business Manager will review and sign off on all bank reconciliations on a monthly basis.
	e. Anticipated Completion Date: With the additional staff member, training has begun on procedures for reconciling the monthly bank statements to the general ledger.

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06-3:

a. Name of Contact Person Responsible for Corrective Action:
Kyle Nobles, Superintendent and Lori Dubose, Business Manager

f. Corrective Action Planned:
Procedures have been designed to ensure that all capital expenditures are properly recorded. The Business Manager will review equipment purchases and reconcile the fixed asset ledger to the general ledger monthly.

g. Anticipated Completion Date:
Monthly acquisition reports are being printed and reconciled to the general ledger.

06-4:

a. Name of Contact Person Responsible for Corrective Action:
Kyle Nobles, Superintendent and Lori Dubose, Business Manager

h. Corrective Action Planned:
The Superintendent and Business Manager will ensure that the School Food Service deposits are made in a timely manner.

i. Anticipated Completion Date:
Beginning August 9, 2006, we began making daily bank deposits of all School Food Service funds.

As required by Section__.315(b) of OMB Circular A-133, the Forrest County Agricultural High School has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2005:

Finding:	Corrective Action Taken:
2005-1:	Finding is repeated.
2005-2:	Finding is repeated.
2005-3:	Finding is repeated.
2005-4:	Finding has been corrected.
2005-5:	Finding is repeated.
2005-6:	Finding has been corrected.