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FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Audited Financial Statements

For the Year Ended June 30, 2018

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

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INDEPENDENT AUDITOR'S REPORT



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Founder (1915-1997)

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Forrest County Agricultural High School

Report on the Financial Statements

We have audited the accompanying 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, 2018, and the related notes to the financial statements, which collectively comprise the Forrest County Agricultural High School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Forrest County Agricultural High School, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability and the OPEB Liability, and the Schedule of District Contributions for the Net Pension Liability and the OPEB Liability on pages 5-14, 45, 46, 47, and 48 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and

Changes in Fund Balances—All Governmental Funds, Last Four Years has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2018 on our consideration of the Forrest County Agricultural High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Forrest County Agricultural High School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Forrest County Agricultural High School's internal control over financial reporting and compliance.

Holt & Associates, PLLC

Laurel, MS
November 21, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

The following discussion and analysis of Forrest County Agricultural High School's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2018 decreased \$747,920, including a prior period adjustment of \$(109,102), which represents an 55% decrease from fiscal year 2017. Total net position for 2017 decreased \$1,303,233, including a prior period adjustment of \$16,795 resulting from a prior period adjustment in furniture and equipment and accumulated depreciation, which represents a 1973% decrease from fiscal year 2016.
- General revenues amounted to \$4,860,446 and \$4,678,629, or 78% and 78% of all revenues for fiscal years 2018 and 2017, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,386,640, or 22% of total revenues for 2018, and \$1,333,552, or 22% of total revenues for 2017.
- The District had \$6,885,904 and \$7,332,208 in expenses for fiscal years 2018 and 2017; only \$1,386,640 for 2018 and \$1,333,552 for 2017 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$4,860,446 for 2018 and \$4,678,629 for 2017 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$5,140,922 in revenues and \$4,353,011 in expenditures for 2018, and \$4,946,989 in revenues and \$4,319,385 in expenditures in 2017. The General Fund's fund balance increased by \$117,581, including an increase in inventory of \$9,650 from 2017 to 2018 and increased by \$64,227, including an increase in inventory of \$5,025 from 2016 to 2017.
- Capital assets, net of accumulated depreciation, increased by \$14,516 for 2018 and decreased by \$180,737 for 2017. The increase for 2018 was due primarily to the increase in accumulated depreciation and a prior period adjustment to accumulated depreciation of \$214,740.
- Long-term debt decreased by \$126,160 for 2018 and decreased by \$58,846 for 2017. The decrease for 2018 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$377 for 2018 and increased by \$8,154 for 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serve as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information, supplementary information, and other information.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents information on all the District's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position."

Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position 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 periods.

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, pension expense, and interest on long-term liabilities.

Fund Financial Statements

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

Governmental funds – Most of the District's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.

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, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these reports as other governmental funds.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. These funds are reported using the accrual basis of accounting. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and note proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

A net pension liability results in a liability on the government-wide financial statements but is not reported on governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

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 immediately following the basic financial statements.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, Schedule of the District's Proportionate Share of the New Pension Liability, and Schedule of District Contributions as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund as required by the Governmental Accounting Standards Board.

Also included as Required Supplementary Information is the Schedule of the District's Proportionate Share of the Net Pension Liability - PERS and the Schedule of District Contributions - PERS.

Other Information

Although not a required part of the basic financial statements, the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows exceeded assets and deferred outflows of resources by \$2,117,205 as of June 30, 2018.

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.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

Table 1 presents a summary of the District's net position at June 30, 2018 and June 30, 2017.

Table 1
Condensed Statement of Net Position

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Percentage Change</u>
Current assets	\$ 1,543,326	\$ 1,374,932	12.25 %
Capital assets, net	5,263,001	5,248,485	0.28 %
Total assets	6,806,327	6,623,417	2.76 %
 Deferred outflows of resources	 855,669	 1,618,900	 (47.15) %
Current liabilities	38,557	31,118	23.91 %
Long-term debt outstanding	39,877	166,037	(75.98) %
Net OPEB liability	549,932	-	
Net pension liability	8,776,321	9,244,736	(5.07) %
Total liabilities	9,404,687	9,441,891	(0.39) %
 Deferred inflows of resources	 374,514	 169,711	 120.68 %
 Net position:			
Net investment in capital assets	5,263,001	5,122,702	2.74 %
Restricted	352,387	175,266	101.06 %
Unrestricted	(7,732,593)	(6,667,253)	(15.98) %
Total net position	\$ (2,117,205)	\$ (1,369,285)	(54.62) %

Additional information on unrestricted net position:

In connection with the application of standards on accounting and financial reporting for pensions and other post-retirement benefits, management presents the following additional information:

Total unrestricted net position (deficit) \$ (7,732,593)

Less unrestricted deficit in net position resulting from recognition of the:

Net pension liability, including the deferred outflows and deferred inflows related to pensions 8,271,151

Net other post retirement benefit liability, including the deferred outflows and deferred inflows related to other post retirement benefits 573,947

Unrestricted net position, exclusive of the net pension and OPEB liability effect \$ 1,112,505

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

- Increase in net capital assets in the amount of \$14,516.
- The principal retirement of \$125,783 of long-term debt.
- Implementation of GASB 75 which resulted in the recognition of a net OPEB liability in the amount of \$549,932.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2018 and June 30, 2017 were \$6,247,086 and \$6,012,181, respectively. The total cost of all programs and services was \$6,885,904 for 2018 and \$7,332,209 for 2017.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017.

Table 2

Changes in Net Position

	Year Ended June 30, 2018	Year Ended June 30, 2017	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 313,047	\$ 341,144	(8.24) %
Operating grants and contributions	1,073,593	992,408	8.18 %
General revenues:			
Property taxes	1,921,448	1,866,939	2.92 %
Grants and contributions not restricted	2,729,015	2,726,971	0.07 %
Investment earnings	5,672	3,535	60.45 %
Other	204,311	81,184	151.66 %
Total revenues	6,247,086	6,012,181	3.91 %
Expenses:			
Instruction	3,447,802	3,521,376	(2.09) %
Support services	1,841,544	1,728,355	6.55 %
Non-instructional	326,456	329,897	(1.04) %
OPEB expense	27,996	-	N/A
Pension expense	1,241,015	1,750,165	(29.09) %
Interest on long-term liabilities	1,091	2,416	(54.84) %
Total expenses	6,885,904	7,332,209	(6.09) %
Increase (Decrease) in net position	(638,818)	(1,320,028)	51.61 %
Net Position, July 1, as previously reported	(1,369,285)	(66,052)	(1,973.04) %
Prior Period Adjustment	(109,102)	16,795	(749.61) %
Net Position, July 1, as restated	(1,478,387)	(49,257)	(2,901.37) %
Net Position, June 30	\$ (2,117,205)	\$ (1,369,285)	(54.62) %

Governmental activities

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

Table 3

Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2018	2017	
Instruction	\$ 3,447,802	\$ 3,521,376	(2.09) %
Support services	1,841,544	1,728,355	6.55 %
Non-instructional	326,456	329,897	(1.04) %
OPEB Expense	27,996	-	N/A %
Pension Expense	1,241,015	1,750,165	(29.09) %
Interest on long-term liabilities	1,091	2,416	(54.84) %
Total expenses	\$ 6,885,904	\$ 7,332,209	(6.09) %

	Net (Expense) Revenue		Percentage Change
	2018	2017	
Instruction	\$ (2,529,500)	\$ (2,618,187)	(3.39) %
Support services	(1,706,155)	(1,633,340)	4.46 %
Non-instructional	6,493	5,451	19.12 %
OEB Expense	(27,996)	-	N/A %
Pension Expense	(1,241,015)	(1,750,165)	(29.09) %
Interest on long-term liabilities	(1,091)	(2,416)	(54.84) %
Total net (expense) revenue	\$ (5,499,264)	\$ (5,998,657)	(8.33) %

- Net cost of governmental activities (\$5,499,264 for 2018 and \$5,998,657 for 2017) was financed by general revenue, which is primarily made up of property taxes (\$1,921,448 for 2018 and \$1,866,939 for 2017) and state and federal revenues (\$2,729,015 for 2018 and \$2,726,971 for 2017).
- Investment earnings amounted to \$5,672 for 2018 and \$3,535 for 2017.

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, unassigned 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 \$1,504,769, an increase of \$160,331, including an increase in inventory of \$9,650. \$767,963, or 51% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$736,806, or 49% is either non-spendable, restricted,

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$117,581. The fund balance of Other Governmental Funds showed an increase in the amount of \$40,185, which includes an increase in inventory of \$5,820. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Vocational Education Fund	\$ (235)
Capital Improvement Fund	\$ 2,800

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2018, the District's total capital assets were \$8,100,592, including land, school buildings, building improvements, buses, other school vehicles, and furniture and equipment. This amount represents a gross increase of \$6,250 from 2017. Total accumulated depreciation as of June 30, 2018, was \$2,837,591, and total depreciation expense for the year was \$206,474, resulting in total net capital assets of \$5,263,001.

Table 4

Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Percentage Change</u>
Land	\$ 640	\$ 640	- %
Buildings	3,928,988	4,033,828	(2.60) %
Building improvements	736,687	779,902	(5.54) %
Improvements other than buildings	482,273	285,595	68.87 %
Mobile equipment	68,109	81,430	(16.36) %
Furniture and equipment	46,304	67,090	(30.98) %
Total	<u>\$ 5,263,001</u>	<u>\$ 5,248,485</u>	0.28 %

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

Debt Administration. At June 30, 2018, the District had \$39,877 in outstanding long-term debt, of which \$1,994 is due within one year. During the fiscal year, the District made principal payments totaling \$125,783 on outstanding long-term debt. The liability for compensated absences decreased \$377 from the prior year.

Table 5

Outstanding Long-Term Debt

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	Percentage <u>Change</u>
Limited obligation bonds payable	\$ -	\$ 125,783	-100% %
Compensated absences payable	39,877	40,254	-1% %
Total	\$ <u>39,877</u>	\$ <u>166,037</u>	<u>-76%</u> %

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

CURRENT ISSUES

The Forrest County Agricultural High School is financially stable. The District is proud of its community support of the public schools.

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

The District actively pursues grant funding to supplement the local, state, and federal revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Forrest County Agricultural High School, 215 Old Highway 49 E., Brooklyn, Mississippi, 39425.

FINANCIAL STATEMENTS

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Statement of Net Position
June 30, 2017

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 887,386
Investments	438,934
Due from other governments	137,848
Inventories	79,158
Capital assets, non-depreciable:	
Land	640
Capital assets, net of accumulated depreciation:	
Buildings	3,928,988
Building improvements	736,687
Mobile equipment	68,109
Furniture and equipment	46,304
Improvements other than buildings	482,273
Total Assets	<u>6,806,327</u>
Deferred Outflows of Resources	
Deferred outflow related to OPEB	3,987
Deferred outflow related to pensions	851,682
Total Deferred Outflows of Resources	<u>855,669</u>
Liabilities	
Accounts payable and accrued liabilities	35,008
Unearned revenue	3,549
Long-term liabilities, due within one year:	
Non-capital related liabilities	1,994
Net OPEB liability	23,444
Long-term liabilities, due beyond one year:	
Non-capital related liabilities	37,883
Net OPEB liability	526,488
Net pension liability	8,776,321
Total Liabilities	<u>9,404,687</u>
Deferred Inflows of Resources	
Deferred inflow related to OPEB	28,002
Deferred inflow related to pensions	346,512
Total Deferred Inflows of Resources	<u>374,514</u>
Net Position	
Net investment in capital assets	5,263,001
Restricted for:	
Expendable:	
School-based activities	256,122
Capital projects	81,677
Debt service	37
Unemployment benefits	14,551
Unrestricted	(7,732,593)
Total Net Position (deficit)	<u>\$ (2,117,205)</u>

The accompanying notes are an integral part of this statement.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Statement of Activities

For the Year Ended June 30, 2018

Exhibit B

of the Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 3,447,802	\$ 219,301	\$ 699,001	\$ -	\$ (2,529,500)
Support services	1,841,544	-	135,389	-	(1,706,155)
Non-instructional	326,456	93,746	239,203	-	6,493
OPEB expense	27,996	-	-	-	(27,996)
Pension expense	1,241,015	-	-	-	(1,241,015)
Interest on long-term liabilities	1,091	-	-	-	(1,091)
Total Governmental Activities	\$ 6,885,904	\$ 313,047	\$ 1,073,593	\$ -	\$ (5,499,264)

General Revenues:

Taxes:

General purpose levies

1,921,448

Unrestricted grants and contributions:

State

2,710,131

Federal

18,884

Unrestricted investment earnings

5,672

Other

204,311

Total General Revenues

4,860,446

Change in Net Position

(638,818)

Net Position - Beginning, as previously reported

(1,369,285)

Prior Period Adjustments

(109,102)

Net Position - Beginning, as restated

(1,478,387)

Net Position (deficit) - Ending

\$ (2,117,205)

The accompanying notes are an integral part of this statement.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Governmental Funds

Balance Sheet

June 30, 2018

Exhibit C

	Major Funds			Other	Total
	General	Vocational	Capital	Governmental	Governmental
	Fund	Educational	Improvement	Funds	Funds
		Fund	Fund		
Assets					
Cash and cash equivalents	\$ 825,612	\$ -	\$ -	\$ 61,774	\$ 887,386
Investments	104,694	-	319,771	14,469	438,934
Due from other governments	73,587	-	-	63,761	137,348
Due from other funds	238,594	-	-	-	238,594
Inventories	65,125	-	-	14,033	79,158
Total assets	<u>\$ 1,307,612</u>	<u>\$ -</u>	<u>\$ 319,771</u>	<u>\$ 154,037</u>	<u>\$ 1,781,420</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 30,745	\$ 235	\$ -	\$ 4,028	\$ 35,008
Due to other funds	-	-	238,094	-	238,094
Unavailable revenue - federal programs	-	-	-	3,549	3,549
Total Liabilities	<u>30,745</u>	<u>235</u>	<u>238,094</u>	<u>7,577</u>	<u>276,651</u>
Fund Balances:					
Nonspendable:					
Inventory	65,125	-	-	14,033	79,158
Restricted:					
Debt service	-	-	-	37	37
Capital projects	-	-	81,677	-	81,677
Grant activities	-	-	-	68,978	68,978
Unemployment benefits	-	-	-	14,551	14,551
Food service	-	-	-	45,721	45,721
Other purposes	62,500	(235)	-	-	62,265
Assigned:					
Activity funds	62,509	-	-	-	62,509
Capital projects	321,910	-	-	-	321,910
Unassigned	<u>764,823</u>	<u>-</u>	<u>-</u>	<u>3,140</u>	<u>767,963</u>
Total Fund Balances	<u>1,276,867</u>	<u>(235)</u>	<u>81,677</u>	<u>146,460</u>	<u>1,504,769</u>
Total Liabilities and Fund Balances	<u>\$ 1,307,612</u>	<u>\$ -</u>	<u>\$ 319,771</u>	<u>\$ 154,037</u>	<u>\$ 1,781,420</u>

The accompanying notes are an integral part of this statement.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Governmental Funds

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

Exhibit C-1

June 30, 2018

Total fund balances for governmental funds	\$	1,504,769
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Amounts reported for governmental activities in the statement of Net Position are different because:

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Land	\$	640	
Buildings		5,748,773	
Building improvements		1,080,368	
Mobile equipment		333,564	
Furniture and equipment		269,290	
Improvements other than buildings		667,957	
Accumulated depreciation		<u>(2,837,591)</u>	5,263,001

2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability		(8,776,321)	
Net OEB liability		(549,932)	

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions		851,682	
Deferred outflows of resources related to OPEB		3,987	
Deferred inflows of resources related to OPEB		(28,002)	
Deferred inflows of resources related to pensions		<u>(346,512)</u>	(8,845,098)

3. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:

Compensated absences		<u>(39,877)</u>	(39,877)
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Net Position of governmental activities	\$	<u>(2,117,205)</u>
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The accompanying notes are an integral part of this statement.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Governmental Funds					
Statement of Revenues, Expenditures and Changes in Fund Balances					Exhibit D
For the Year Ended June 30, 2018					
	Major Funds			Other	Total
	General	Vocational	Capital	Governmental	Governmental
	Fund	Educational	Improvement	Funds	Funds
Revenues:					
Local sources	\$ 2,347,838	\$ -	\$ 2,800	\$ 93,839	\$ 2,444,477
State sources	2,774,200	290,381	-	59,632	3,124,213
Federal sources	18,884	13,778	-	645,734	678,396
Total Revenues	5,140,922	304,159	2,800	799,205	6,247,086
Expenditures:					
Instruction	2,558,974	851,116	-	334,382	3,744,472
Support services	1,794,037	-	-	125,595	1,919,632
Noninstructional services	-	-	-	310,623	310,623
Debt service:					
Principal	-	-	-	125,783	125,783
Interest	-	-	-	1,715	1,715
Total Expenditures	4,353,011	851,116	-	898,098	6,102,225
Excess (Deficiency) of Revenues over (under) Expenditures	787,911	(546,957)	2,800	(98,893)	144,861
Other Financing Sources (Uses):					
Operating transfers in	-	546,722	-	133,258	679,980
Operating transfers out	(679,980)	-	-	-	(679,980)
Total Other Financing Sources (Uses)	(679,980)	546,722	-	133,258	-
Net Change in Fund Balances	107,931	(235)	2,800	34,365	144,861
Fund Balances:					
July 1, 2017, as previously reported	1,159,286	-	78,877	106,275	1,344,438
Increase (Decrease) in inventory	9,650	-	-	5,820	15,470
June 30, 2018	\$ 1,276,867	\$ (235)	\$ 81,677	\$ 146,460	\$ 1,504,769

The accompanying notes are an integral part of this statement.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Governmental Funds

**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, 2018**

Exhibit D-1

Net change in fund balances - total governmental funds **\$ 144,861**

Amounts reported for governmental activities in the statement of activities are different because:

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 6,250	
Depreciation expense	(206,474)	(200,224)

2. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect

Payments of debt principal	125,783	
Accrued interest payable	624	126,407

3. Some items reported in the statement of activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:

Recording of OPEB expense for the current period	(27,996)	
Recording of pension expense for the current period	(1,241,015)	
Recording of contributions made subsequent to the measurement date	543,302	(725,709)

4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences	377	
Change in inventory	15,470	15,847

Change in Net Position of governmental activities **\$ (638,818)**

The accompanying notes are an integral part of this statement.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Fiduciary Funds

Statement of Fiduciary Net Position
June 30, 2018

Exhibit E

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 15,930	\$ 9,074
Investments	47,221	-
Total Assets	<u>\$ 63,151</u>	<u>\$ 9,074</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 1,070	\$ -
Due to other funds	500	-
Due to student clubs	-	9,074
Total Liabilities	<u>\$ 1,570</u>	<u>\$ 9,074</u>
Net Position		
Reserved for endowments	61,581	
Total Liabilities and Net Position	<u>\$ 61,581</u>	

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Fiduciary Funds

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

Exhibit F

	Private-Purpose Trust Funds
Additions	
Interest in Investments	\$ 319
Contributions and donations from private sources	1,200
Total Additions	<u>1,519</u>
Deductions	
Scholarships awarded	1,000
Total Deductions	<u>1,000</u>
Change in Net Position	519
Net Position	
July 1, 2017	61,062
June 30, 2018	<u>\$ 61,581</u>

The accompanying notes are an integral part of these statements.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

Note 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

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a six-member board to which one member 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 members are appointed by the Forrest County Board of Supervisors.

For financial reporting purposes, Forrest County Agricultural High School has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Net position is reported in three categories:

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Vocational Education Fund- This fund is used for tracking all revenues and expenditures for the vocational education program.

Capital Improvement Fund- This is the school's restricted fund for capital improvements to buildings. Revenue is generated by interest on investments as well as money received from Forrest County earmarked for 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.

The school district also reports fiduciary funds which focus on net position.

The District's fiduciary funds include the following:

Payroll Clearing Fund – This agency fund is used to report resources held by the District on behalf of other funds for payroll related liabilities.

Accounts Payable Clearing Fund – This agency fund is used to report resources held by the District on behalf of other funds for related liabilities.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

Capital Projects Funds- Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including acquisition or construction of capital facilities and other capital assets.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

FIDUCIARY FUNDS

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Ad valorem property taxes are levied by the governing authority of the county on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect of inter-fund activity has been eliminated from the government-wide statements.

Revenues from the Mississippi 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.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2014*, issued by the U.S. Department of Education.

D. Encumbrances

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

E. Assets, liabilities, deferred outflows/inflows, and net position/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. 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.

Investments

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

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements
For Year Ended June 30, 2018

Investments for the district are reported at fair market value.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments

Due from other governments represents amounts due from the State of Mississippi and various grants and reimbursements from other governments.

4. Inventories and Prepaid Items

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased.

Prepaid items, such as prepaid insurance, are not reported for governmental fund types since the costs of such items are accounted for as expenditures in the period of acquisition.

5. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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.

Depreciation is calculated on the straight-line basis for all assets, except land.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has a deferred outflow which is presented as deferred outflows for other post employment benefits and pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The school district has a deferred inflow which is presented as deferred inflow for other post employment benefits and pension.

See Notes 6 and 7 for further details.

7. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. 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).

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

The liability for these compensated absences is recorded as a long-term liability 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 the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

8. Long-term Liabilities and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 5 for details.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. Fiduciary net position was zero as of the measurement date of June 30, 2017. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

11. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent and Director of Finance pursuant to authorization established by the School Board of Trustees as approved by the fund balance reporting policy.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, 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 district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess 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 deposit or 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, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

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 other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. 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. Investment income of less than \$100 can be credited to the General Fund.

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 \$887,386 and \$25,004, respectively.

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. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2018, none of the district's bank balance of \$1,598,735 was exposed to custodial credit risk.

Investments

As of June 30, 2018, the district had the following investments.

Investment Type	Maturities (in years)	Fair Value
Certificate of deposit	1 year	\$ 104,694
Certificate of deposit	1 year	319,771
Certificate of deposit	1 year	44,457
Certificate of deposit	1 year	2,764
Certificate of deposit	1 year	14,469
Total		<u>\$ 486,155</u>

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

policy that addresses custodial credit risk. As of June 30, 2018, the district did not have any investments to which this would apply.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments.

Note 3 – Inter-fund Receivables, Payables and Transfers

The following is a summary of inter-fund transactions and balances:

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Capital Improvement Fund	\$ 238,094
	Private Purpose Trust Fund	500
		<hr/>
Total		\$ 238,594
		<hr/>

The purpose of the inter-fund loans was to cover expenditures in the capital improvement fund and private purpose trust fund.

C. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Vocational Educational Fund	\$ 546,722
	Other Governmental Funds	133,258
		<hr/>
Total		\$ 679,980
		<hr/>

The transfers were primarily for the following: indirect cost transfers, vocational and debt service transfers.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

Note 4 – Capital Assets

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

	Balance 7/1/2017	Increases	Decreases	Adjustments	Balance 6/30/2018
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 640	\$	\$	\$	640
Total non-depreciable capital assets	640	-	-	-	640
<u>Depreciable capital assets:</u>					
Buildings	5,748,773				5,748,773
Building improvements	1,080,368				1,080,368
Mobile equipment	333,564				333,564
Furniture and equipment	269,290	-		-	269,290
Improvements other than buildings	661,707	6,250		-	667,957
Total depreciable capital assets	8,093,702	6,250	-	-	8,099,952
<u>Less accumulated depreciation for:</u>					
Buildings	1,714,945	104,840			1,819,785
Building improvements	300,466	43,215			343,681
Mobile equipment	252,134	13,321			265,455
Furniture and equipment	202,200	20,786		-	222,986
Improvements other than buildings	376,112	24,312		(214,740)	185,684
Total accumulated depreciation	2,845,857	206,474	-	(214,740)	2,837,591
Total depreciable capital assets, net	5,247,845	(200,224)	-	214,740	5,262,361
Governmental activities capital assets, net	\$ 5,248,485	\$ (200,224)	\$ -	\$ 214,740	\$ 5,263,001

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 78,669
Support services	79,722
Non-instructional	48,083
Total depreciation expense - Governmental activities	<u>\$ 206,474</u>

A prior period adjustment was made to correct the beginning accumulated depreciation of improvements other than buildings.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

Note 5 – Long-term Liabilities

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

	Balance 7/1/2017	Additions	Retirements	Balance 6/30/2018	Amounts due within one year
A. Limited obligation bonds payable	\$ 125,783	- \$	125,783	\$ -	-
B. Compensated absences payable	40,254	-	377	39,877	1,994
Total	\$ 166,037	\$ -	\$ 126,160	\$ 39,877	\$ 1,994

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 bonds, Series 2012	.05-1.6%	5/1/2012	2/1/2018	\$ 423,500	\$ -
Total				\$ 423,500	\$ -

B. Compensated absences payable

As more fully explained in Note 1(E)(8), 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.

Note 6 – Defined Benefit Pension Plan

General Information about the 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the 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.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2018 was 15.75% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2018, 2017 and 2015 were \$543,302, \$533,422 and \$521,465, respectively, which equaled the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the school district reported a liability of \$8,776,321 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2018 net pension liability was .052795 percent, which was based on a measurement date of June 30, 2017. This was an increase of .00104 percent from its proportionate share used to calculate the June 30, 2017 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended June 30, 2018, the District recognized pension expense of \$1,241,015. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements
For Year Ended June 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,930	\$ 210,730
Net difference between projected and actual earnings on pension plan investments	-	123,728
Changes of assumptions	185,450	12,054
District contributions subsequent to the measurement date	543,302	-
Total	\$ <u>851,682</u>	\$ <u>346,512</u>

\$543,302 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:

2019	\$ 59,394
2020	74,204
2021	(4,811)
2022	(166,919)

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.75-18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2018, with male rates set forward one year.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017. The experience report is dated April 18, 2018.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	27 %	4.60 %
International Equity	18	4.50
Emerging Markets Equity	4	4.75
Global	12	4.75
Fixed Income	18	0.75
Real Assets	10	3.50
Private Equity	8	5.10
Emerging Debt	2	2.25
Cash	1	0
Total	<u>100 %</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 11,510,731	\$ 8,776,321	\$ 6,506,166

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Note 7 – Other Postemployment Benefits (OPEB)

Plan description. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. A trust was created June 28, 2018 for the OPEB Plan and, while no trust was in place for the June 30, 2017 plan year-end, for purposes of comparability for future periods, terminology used herein is based on the plan being a cost-sharing multiple-employer defined benefit OPEB plan. The plan does not issue a stand-alone financial report.

Benefits provided.

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$23,444 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At June 30, 2018, the District reported a liability of \$549,932 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2017, the District's proportion was .07009 percent. This was an increase/decrease of .00057 percent from the proportionate share as of the measurement date of June 30, 2016

For the year ended June 30, 2018, the District recognized OPEB expense of \$27,996. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions		28,002
Changes in proportion and differences between District contributions and proportionate share of contributions	3,987	
Total	\$ 3,987	\$ 28,002

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

\$3,987 reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2019	\$ (4,213)
2020	(4,213)
2021	(4,213)
2022	(4,213)
2023	(4,213)
Thereafter	(2,950)

Actuarial assumptions. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	N/A
Municipal Bond Index Rate	
Measurement Date	3.56 percent
Prior Measurement Date	3.01 percent
Year FNP is projected to be depleted	
Measurement Date	2017
Prior Measurement Date	2016
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

Measurement Date	3.56 percent
Prior Measurement Date	3.01 percent

Health Care Cost Trends

Medicare Supplement Claims	7.75 percent for 2017 decreasing to an ultimate rate of 5.00 percent by 2023
Pre-Medicare	

Both pre-retirement and post-retirement mortality rates were based on the RP 2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, male rates set forward 1 year and adjusted by 106% for males at all ages, and females adjusted to 90% for ages less than 76, 95% for age 76, 105% for age 78 and 110% for ages 79 and greater. Post-disability mortality rates were based on the RP 2014 Disabled Retiree Mortality Table set forward 4 years for males and 3 years for females.

The demographic actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study dated April 18, 2017.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

The plan had no assets as of the measurement date of 2017.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.56 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.01% to 3.56%.

Since no trust was set up as of June 30, 2017, there was no projection of cash flows for the Plan and the Plan was projected to be depleted in 2017.

The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Net OPEB liability	\$ 564,455	\$ 549,932	\$ 539,116

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements For Year Ended June 30, 2018

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 507,899	\$ 549,932	\$ 597,917

OPEB plan fiduciary net position. The fiduciary net position for the OPEB plan was zero as of June 30, 2017, the measurement date. Therefore, no separately issued financials were prepared. Detailed information about the OPEB plan's fiduciary net position for June 30, 2018 and going forward will be available in separately issued financial reports available on the Mississippi Department of Finance and Administration's website.

Note 8– Qualified School Construction Bonds

On August 1, 2012, Forrest County, Mississippi (primary government) issued G.O. Bonds, series 2012 (Qualified School Construction Bonds) on behalf of Forrest County Agricultural High School in the amount of \$3,000,000.

Pursuant to the bond documents, these bonds are to be repaid in full on August 1, 2027, from the proceeds of the County's debt sinking fund and are not a liability of Forrest County Agricultural High School and are therefore not reflected in the debt schedule of the District.

Note 9 – Contingencies

Federal Grants – The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district.

Note 10 – Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements
For Year Ended June 30, 2018

Note 11 – Prior Period Adjustments

A summary of significant Net Position/Fund Balance adjustments is as follows:

Exhibit B - Statement of Activities

Explanation	Amount
1. To correct accumulated depreciation at the beginning of the year	\$ 214,740
2. To correct pension liability in prior year	222,109
3. To record GASB 75 OPEB liability	<u>(545,951)</u>
Total	<u>\$ (109,102)</u>

Note 12 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Forrest County Agricultural High School evaluated the activity of the district through November 21, 2018 and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 2,143,534	\$ 2,347,845	\$ 2,347,838	\$ 204,311	\$ (7)
State sources	2,736,216	2,774,202	2,774,200	37,986	(2)
Federal sources	20,000	18,885	18,884	(1,115)	(1)
Sixteenth section sources	-	-	-	-	-
Total Revenues	4,899,750	5,140,932	5,140,922	241,182	(10)
Expenditures:					
Instruction	2,530,301	2,546,530	2,558,974	(16,229)	(12,444)
Support services	1,766,298	1,787,238	1,794,037	(20,940)	(6,799)
Noninstructional	-	2,729	-	(2,729)	2,729
Facilities acquisition and construction	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	4,296,599	4,336,497	4,353,011	(39,898)	(16,514)
Excess (Deficiency) of Revenues over (under) Expenditures	603,151	804,435	787,911	201,284	(16,524)
Other Financing Sources (Uses):					
Insurance recovery	-	-	-	-	-
Operating transfers in	524,775	-	-	(524,775)	-
Operating transfers out	(1,132,552)	(679,981)	(679,980)	452,571	1
Total Other Financing Sources (Uses)	(607,777)	(679,981)	(679,980)	(72,204)	1
Net Change in Fund Balances	(4,626)	124,454	107,931	129,080	(16,523)
Fund Balances:					
July 1, 2017	1,159,286	1,159,286	1,159,286	-	-
Increase (Decrease) in Inventory	-	-	9,650	-	9,650
June 30, 2018	\$ 1,154,660	\$ 1,283,740	\$ 1,276,867	\$ 129,080	\$ (6,873)

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Required Supplementary Information

Budgetary Comparison Schedule

Vocational Educational Fund

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	-
State sources	286,800	290,381	290,381	3,581	-
Federal sources	12,026	13,778	13,778	1,752	-
Sixteenth section sources	-	-	-	-	-
Total Revenues	298,826	304,159	304,159	5,333	-
Expenditures:					
Instruction	857,106	850,881	851,116	6,225	(235)
Support services	-	-	-	-	-
Sixteenth section	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	857,106	850,881	851,116	6,225	(235)
Excess (Deficiency) of Revenues over (under) Expenditures	(558,280)	(546,722)	(546,957)	11,558	(235)
Other Financing Sources (Uses):					
Insurance recovery	-	-	-	-	-
Operating transfers in	558,280	546,722	546,722	(11,558)	-
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	558,280	546,722	546,722	(11,558)	-
Net Change in Fund Balances	-	-	(235)	-	(235)
Fund Balances:					
July 1, 2017	-	-	-	-	-
June 30, 2018	\$ -	\$ -	(235) \$	\$ -	(235)

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Required Supplementary Information

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PERS

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	\$ 8,776,321	\$ 9,244,735	\$ 7,739,526	\$ 6,069,085
District's proportionate share of the net pension liability (asset)	0.052795%	0.051755%	0.050068%	0.050000%
District's covered payroll	3,386,806	3,310,889	3,127,981	3,067,606
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	259.132675%	279.222146%	247.428805%	197.844345%
Plan fiduciary net position as a percentage of the total pension liability	62.627937%	57.467727%	61.7039830%	67.207687%

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

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERS

Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	543,302	533,422	521,465	492,657
Contributions in relation to the contractually required contribution	\$ 543,302	533,422	521,465	492,657
Contribution deficiency (excess)	\$ -	-	-	-
District's covered payroll	3,449,537	3,386,806	3,310,889	3,127,981
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented in FYE 6/30/2015, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL**Required Supplementary Information****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY****OPEB****Last 10 Fiscal Years***

	<u>2018</u>
District's proportion of the net OPEB liability (asset)	\$ 549,932
District's proportionate share of the net OPEB liability (asset)	0.070090%
District's covered employee payroll	3,449,537
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	15.942197%
Plan fiduciary net position as a percentage of the total OPEB liability	0.000000%

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

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, the District has only presented information for the years in which information is available.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL**Required Supplementary Information****SCHEDULE OF DISTRICT CONTRIBUTIONS****OPEB****Last 10 Fiscal Years**

	<u>2018</u>
Contractually required contribution	23,444
Contributions in relation to the contractually required contribution	\$ 23,444
Contribution deficiency (excess)	<u>\$ -</u>
District's covered employee payroll	3,449,537
Contributions as a percentage of covered employee payroll	0.68%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
Notes to the Required Supplementary Information
For the Year Ended June 30, 2018

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 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.

Pension Schedules

(1) *Changes of assumptions*

2015:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2017 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016:

- The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected using Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
Notes to the Required Supplementary Information
For the Year Ended June 30, 2018

(2) *Changes in benefit provisions*

2016:

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

(3) *Method and assumptions used in calculations of actuarially determined contributions.*

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2015 valuation for the June 30, 2017 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	33.9 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of Assumptions*

2017: The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

(2) *Changes in benefit provisions*

2017: None

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2016 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2017:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets

FORREST COUNTY AGRICULTURAL HIGH SCHOOL
Notes to the Required Supplementary Information
For the Year Ended June 30, 2018

Price inflation	3 percent
Salary increases, including wage inflation	3.25 percent to 18.50 percent
Initial health care cost trend rates Medicare Supplement Claims Pre-Medicare	7.75 percent
Ultimate health care cost trend rates Medicare Supplement Claims Pre-Medicare	5.00 percent
Year of ultimate trend rates Medicare Supplement Claims Pre-Medicare	2022
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.56 percent

SUPPLEMENTARY INFORMATION

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Supplementary Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2018

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 4,683,051	3,226,623	262,396	281,318	912,714
Other	1,419,174	517,849	51,689	12,453	837,183
Total	<u>\$ 6,102,225</u>	<u>3,744,472</u>	<u>314,085</u>	<u>293,771</u>	<u>1,749,897</u>
Total number of students *	<u>564</u>				
Cost per student	<u>\$ 10,820</u>	<u>6,639</u>	<u>557</u>	<u>521</u>	<u>3,103</u>

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

Instruction and Other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type.

General Administration - includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.

School Administration - includes expenditures for the following function: Support Services - School Administration.

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

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

OTHER INFORMATION

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2018	2017*	2016*	2015*
Revenues:				
Local sources	\$ 2,347,838	\$ 2,175,263	\$ 2,156,631	\$ 1,956,971
State sources	2,774,200	2,749,951	2,761,308	2,606,034
Federal sources	18,884	21,775	9,261	9,881
Total Revenues	5,140,922	4,946,989	4,927,200	4,572,886
Expenditures:				
Instruction	2,558,974	2,576,359	2,482,393	2,518,248
Support services	1,794,037	1,739,811	1,749,034	1,850,752
Facilities acquisition and construction		3,215	6,583	5,256
Total Expenditures	4,353,011	4,319,385	4,238,010	4,374,256
Excess (Deficiency) of Revenues over (under) Expenditures	787,911	627,604	689,190	198,630
Other Financing Sources (Uses):				
Insurance recovery	-	5,816	283	-
Sale of other property	-	12,500	-	-
Operating transfers out	(679,980)	(586,718)	(605,924)	(507,048)
Total Other Financing Sources (Uses)	(679,980)	(568,402)	(605,641)	(507,048)
Net Change in Fund Balances	107,931	59,202	83,549	(308,418)
Fund Balances:				
Beginning of period	1,159,286	1,095,059	1,040,040	1,324,328
Increase (Decrease) in reserve for inventory	9,650	5,025	(28,530)	24,130
End of Period	\$ 1,276,867	\$ 1,159,286	\$ 1,095,059	\$ 1,040,040

*SOURCE - PRIOR YEAR AUDIT REPORTS

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2018	2017*	2016*	2015*
Revenues:				
Local sources	\$ 2,444,477	\$ 2,274,485	\$ 2,262,222	\$ 2,084,767
State sources	3,124,213	3,047,321	3,070,898	2,887,326
Federal sources	678,396	672,058	675,697	715,644
Total Revenues	6,247,086	5,993,864	6,008,817	5,687,737
Expenditures:				
Instruction	3,744,472	3,776,910	3,738,510	3,590,670
Support services	1,919,632	1,798,915	1,886,814	2,163,044
Noninstructional services	310,623	336,168	456,177	397,416
Facilities acquisition and construction	-	-	-	804
Debt Service:				
Principal	125,783	67,000	64,000	64,000
Interest	1,715	2,374	3,112	3,721
Total Expenditures	6,102,225	5,981,367	6,148,613	6,219,655
Excess (Deficiency) of Revenues over (under) Expenditures	144,861	12,497	(139,796)	(531,918)
Other Financing Sources (Uses):				
Insurance recovery	-	5,816	283	151,465
Sale of other property	-	12,500	-	-
Operating transfers in	679,980	619,740	663,924	507,048
Operating transfers out	(679,980)	(619,740)	(663,924)	(507,048)
Total Other Financing Sources (Uses)	0	18,316	283	151,465
Net Change in Fund Balances	144,861	30,813	(139,513)	(380,453)
Fund Balances:				
Beginning of period	1,344,438	1,308,995	1,477,903	1,832,459
Increase (Decrease) in reserve for inventory	15,470	4,630	(29,395)	25,897
End of Period	\$ 1,504,769	\$ 1,344,438	\$ 1,308,995	\$ 1,477,903

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



W. David Dill, CPA
Julie M. Uher, CPA
Kari M. Blackledge, CPA

H. I. Holt, CPA
Founder (1915-1997)

INDEPENDENT AUDITOR'S 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*

Superintendent and School Board
Forrest County Agricultural High School

We have audited, in accordance with the 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, 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, 2018 and the related notes to the financial statements, which collectively comprise the Forrest County Agricultural High School's basic financial statements and have issued our report thereon dated November 21, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Forrest County Agricultural High School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Forrest County Agricultural High School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Forrest County Agricultural High School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Forrest County Agricultural High School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holt & Associates, PLLC

Laurel, MS

November 21, 2018

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



W. David Dill, CPA
Julie M. Uher, CPA
Kari M. Blackledge, CPA

H. I. Holt, CPA
Founder (1915-1997)

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

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, 2018, which collectively comprise Forrest County Agricultural High School's basic financial statements and have issued our report thereon dated November 21, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

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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, the Office of the State Auditor 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

Laurel, MS

November 21, 2018