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WEST POINT SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2007

Charles L. Shivers, CPA  
Ridgeland, MS

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FINANCIAL AUDIT REPORT

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# CHARLES L. SHIVERS

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## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
West Point School District

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Point School District as of and for the year ended June 30, 2007, which collectively comprise the West Point School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the West Point School District's management. My responsibility is to express opinions on these financial statements based on my audit.

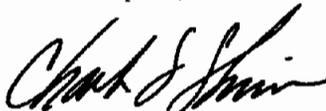
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my 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 West Point School District as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 24, 2008, on my consideration of the West Point School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule and related notes are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Point School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds is presented for purposes of additional analysis as required by the Mississippi State Auditor's Office. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Ridgeland, MS  
April 24, 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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# WEST POINT SCHOOL DISTRICT

*Education: "A debt of the present to future generations"*

westpoint.k12.ms.us

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OFFICE OF THE SUPERINTENDENT

## WEST POINT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

The discussion and analysis of West Point School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

The district is an accredited district as determined in the fall of 2006. Net enrollment for fall 2006 was 3,510 with 20% of the enrollment white and 80% black. Net enrollment for fall of 2005 was 3,649 with 20% of the enrollment white and 80% black. The district's attendance as a percent of enrollment was 95.66% for 2006 and 96.98% for 2005 according to the Mississippi Report Card for 2005-2006 and the Mississippi Report Card for 2004-2005, respectively.

### FINANCIAL HIGHLIGHTS

- Total net assets increased \$2,773,701, which represents 15% increase from fiscal year 2006. This change is the result of interest earned on deposits and conservative spending practices.
- General revenues account for \$22,161,767 in revenue, or 79% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,930,283 or 21% of total revenues.
- The District had \$25,398,451 in expenses; only \$5,930,283 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$22,161,767 were adequate to provide for these programs.
- Among major funds, the General Fund had \$21,292,709 in revenues and \$18,629,764 in expenditures. The General Fund's fund balance increased \$2,220,562 over the prior year. This increase is the result of conservative spending by the district.
- Capital assets, net of accumulated depreciation, decreased by \$202,747.
- Long-term debt decreased by \$987,437.

### OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 15 and 16 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 18 and 19, respectively, of this report.

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 fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental fund financial statements can be found on pages 17 and 19 of this report.

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

**Notes to the financial statements.** The notes provide additional information that is essential to have a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 37 of this report.

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

The District adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund. This required supplementary information can be found on page 41.

Additionally, a schedule of expenditures of federal awards is required by OMB Cir. A-133 and a schedule of instructional, administrative and other expenditures for governmental funds can be found on pages 47 - 48 and 49, respectively, of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net assets.** Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$20,697,609 as of June 30, 2007.

By far the largest portion of the District's net assets (37%) reflects its investment in capital assets (e.g., land, buildings, building improvements, mobile equipment, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending.

The District's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the District's net assets as of June 30, 2007 and 2006, respectively.

	Net Assets		Percentage Change
	June 30, 2007	June 30, 2006	
Current assets	\$ 17,364,845	\$ 15,447,112	12.4%
Non-depreciable assets	440,204	199,920	120.2%
Capital assets, net	16,172,998	16,616,029	-2.7%
<b>Total assets</b>	<u>33,978,047</u>	<u>32,263,061</u>	5.3%
Current liabilities	2,349,942	1,900,551	23.6%
Long-term debt outstanding	10,930,496	12,438,602	-12.1%
<b>Total liabilities</b>	<u>13,280,438</u>	<u>14,339,153</u>	-7.4%
<b>Net assets:</b>			
Invested in capital assets, net of related debt	7,588,202	6,866,949	10.5%
Restricted	431,210	1,608,930	-73.2%
Unrestricted	12,678,197	9,488,029	33.6%
<b>Total net assets</b>	<u>\$ 20,697,609</u>	<u>\$ 17,923,908</u>	15.5%

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

- The principal retirement of \$1,030,203 of long-term debt.
- The addition of \$466,892 in capital assets.

**Changes in net assets.** The District's total revenues for the fiscal year ended June 30, 2007 were \$28,092,050. The total cost of all programs and services was \$25,398,451. The following table presents a summary of the changes in net assets for the fiscal years ending June 30, 2007 and 2006, respectively.

	Change in Net Assets		Percentage Change
	June 30, 2007	June 30, 2006	
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 556,019	\$ 752,192	-26.1%
Operating grants and contributions	5,374,264	5,470,773	-1.8%
General revenues:			
Property taxes	5,432,734	5,195,616	4.6%
Grants and contributions not restricted	15,714,031	15,143,851	3.8%
Unrestricted investment earnings	997,249	679,899	46.7%
Other	17,753	21,787	-18.5%
<b>Total revenues</b>	<u>28,092,050</u>	<u>27,264,118</u>	3.0%

<b>Expenses:</b>			
Instruction	14,062,833	13,657,528	3.0%
Support services	8,997,807	8,013,255	12.3%
Non-instructional	1,793,369	1,712,630	4.7%
Interest and other expense on long-term liabilities	<u>544,442</u>	<u>619,716</u>	-12.1%
<b>Total expenses</b>	<u>25,398,451</u>	<u>24,003,129</u>	5.8%
<b>Special items</b>	<u>80,102</u>	<u>80,102</u>	0%
<b>Increase (Decrease) in net assets</b>	2,773,701	3,341,091	-17.0%
<b>Net Assets, July 1</b>	<u>17,923,908</u>	<u>14,582,817</u>	22.9%
<b>Net Assets, June 30</b>	<u>\$ 20,697,609</u>	<u>\$ 17,923,908</u>	15.5%

**Governmental activities.** The following table presents the cost of five major District functional activities: instruction, support services, non-instructional, and interest and other expenses on long-term debt for fiscal years ending June 30, 2007 and 2006, respectively. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

	2007		2006	
	Total Expenses	Net(Expense) Revenue	Total Expenses	Net(Expense) Revenue
Instruction	\$ 14,062,833	\$ (11,727,938)	\$ 13,657,528	\$ (10,160,901)
Support services	8,977,807	( 7,480,678)	8,013,255	( 7,330,583)
Non-instructional	1,793,369	284,890	1,712,630	331,036
Interest and other expenses on long-term liabilities	<u>544,442</u>	<u>( 544,442)</u>	<u>619,716</u>	<u>( 619,716)</u>
<b>Total expenses</b>	<u>\$ 25,398,451</u>	<u>\$ (19,468,168)</u>	<u>\$ 24,003,129</u>	<u>\$ (17,780,164)</u>

- Net cost of governmental activities (\$19,468,168), was financed by general revenue, which is made up of primarily property taxes (\$5,432,734) and state revenue (\$15,530,650).
- Investment earnings accounted for \$997,249 of funding.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$15,949,585, an increase of \$1,977,600. \$13,709,481 or 86% of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of \$2,240,104 or 14% is reserved or designated to indicate that it is not available for spending because it has already been committed.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$2,220,562. The fund balance of Other Governmental Funds showed a decrease of \$242,962.

## BUDGETARY HIGHLIGHTS

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

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, 2007, the District's total capital assets were \$25,243,320, including land, construction in progress, school buildings, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$388,954 from the previous year. Total accumulated depreciation as of June 30, 2007 was \$8,630,118 and total depreciation expense for the year was \$664,937, resulting in total net assets of \$16,613,202.

	<u>Capital Assets, Net of Depreciation</u>		<u>Percentage</u>
	<u>2007</u>	<u>2006</u>	<u>Change</u>
Land	\$ 199,920	\$ 199,920	0%
Construction in progress	240,284	0	
Buildings	15,152,470	15,602,112	-2.9%
Building improvements	59,163	0	
Mobile equipment	774,661	849,242	-8.8%
Furniture and equipment	186,704	164,675	13.4%
<b>Total</b>	<b><u>\$ 16,613,202</u></b>	<b><u>\$ 16,815,969</u></b>	<b>-1.2%</b>

Additional information of the District's capital assets can be found in Note 4 on pages 29 and 30 of this report.

**Debt Administration.** At June 30, 2007, the District had \$10,930,496 in general obligation bonds and other long-term debt outstanding, of which \$1,083,732 is due within one year.

	<u>Outstanding Debt</u>		<u>Percentage</u>
	<u>2007</u>	<u>2006</u>	<u>Change</u>
General obligation bonds payable	\$ 1,105,000	\$ 1,430,000	-22.7%
Certificates of participation payable	1,005,000	1,065,000	-5.6%
Three mill notes payable	2,470,000	2,704,000	-8.7%
Obligations under energy efficiency leases	340,550	399,120	-14.7%
Qualified zone academy bonds payable	1,198,972	1,198,972	0%
Limited obligation bonds payable	4,445,000	4,750,000	-6.4%
Other loans payable	195,902	243,535	-19.6%
Compensated absences payable	170,072	127,306	33.6%
<b>Total</b>	<b><u>\$ 10,930,496</u></b>	<b><u>\$ 11,917,933</u></b>	<b>-8.3%</b>

The District maintains a Aa bond rating.

Additional information of the District's long-term debt can be found in Note 5 on pages 30 - 34 of this report.

## CURRENT ISSUES

The West Point School District 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 operating millage increased 2.2 mills from the previous year. In addition, the District system of financial planning, budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

Latest enrollment figures indicate that student enrollment in the District decreased 139 students in FY07 and decreased 95 students in FY06.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report, contact the Superintendent's Office of the West Point School District, P. O. Box 656 or 429 Commerce Street, West Point, MS 39773.

BASIC FINANCIAL STATEMENTS

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West Point School District  
Statement of Net Assets  
June 30, 2007

Exhibit A

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>Assets</b>	
Cash and cash equivalents (Note 2)	\$ 15,359,690
Cash with fiscal agent (Note 2)	\$ 550,238
Investments (Note 2)	\$ 166,384
Due from other governments	\$ 1,048,559
Other receivables, net	\$ 186,925
Inventories	\$ 47,708
Restricted assets (Note 2)	\$ 5,341
Non-depreciable capital assets (Note 4)	\$ 440,204
Depreciable capital assets, net (Note 4)	\$ 16,172,998
<b>Total Assets</b>	<u>\$ 33,978,047</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 1,415,260
Interest payable on long-term liabilities	\$ 494,115
Discount on loans payable	\$ 440,567
Long-term liabilities (Due within one year) (Note 5)	
Capital related liabilities	\$ 966,000
Non-capital related liabilities	\$ 117,732
Long-term liabilities (Due beyond one year) (Note 5)	
Capital related liabilities	\$ 8,059,000
Non-capital related liabilities	\$ 1,787,764
<b>Total Liabilities</b>	<u>\$ 13,280,438</u>
<b>Net assets</b>	
Investment in capital assets (net of related debt)	\$ 7,588,202
Restricted net assets	
Expendable	
School-based activities	\$ 119,665
Debt service	\$ 205,277
Forestry improvements	\$ 604
Unemployment benefits	\$ 100,323
Non-expendable	
Sixteenth section	\$ 5,341
Unrestricted	<u>\$ 12,678,197</u>
<b>Total Net Assets</b>	<u>\$ 20,697,609</u>

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

West Point School District  
Statement of Activities  
For the Year Ended June 30, 2007

Exhibit B

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
<b>Primary Government</b>				
<b>Governmental Activities</b>				
Instruction	\$ 14,062,833		\$ 2,334,895	\$ (11,727,938)
Support services	\$ 8,997,807	\$ 35,771	\$ 1,481,358	\$ (7,480,678)
Non-instructional	\$ 1,793,369	\$ 520,248	\$ 1,558,011	\$ 284,890
Interest and other expenses on long-term liabilities	\$ 544,442			\$ (544,442)
<b>Total Governmental Activities</b>	<b>\$ 25,398,451</b>	<b>\$ 556,019</b>	<b>\$ 5,374,264</b>	<b>\$ (19,468,168)</b>
<b>General Revenues</b>				
<b>Taxes</b>				
General purpose levies				\$ 4,739,437
Debt purpose levies				\$ 693,297
<b>Unrestricted grants and contributions</b>				
State				\$ 15,530,650
Federal				\$ 183,381
Unrestricted investment earnings				\$ 997,249
Sixteenth section sources				\$ 15,850
Other				\$ 1,903
<b>Total General Revenues</b>				<b>\$ 22,161,767</b>
Special items (Note 13)				\$ 80,102
<b>Total General Revenues and Special Items</b>				<b>\$ 22,241,869</b>
<b>Changes in Net Assets</b>				<b>\$ 2,773,701</b>
<b>Net Assets - Beginning</b>				<b>\$ 17,923,908</b>
<b>Net Assets - Ending</b>				<b>\$ 20,697,609</b>

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

West Point School District  
 Balance Sheet - Governmental Funds  
 June 30, 2007

Exhibit C

	Major Fund		Total Governmental Funds
	General Fund	Other Governmental Funds	
<b>Assets</b>			
Cash and cash equivalents (Note 2)	\$ 13,963,726	\$ 1,401,305	\$ 15,365,031
Cash with fiscal agent (Note 2)		\$ 550,238	\$ 550,238
Investments (Note 2)		\$ 166,384	\$ 166,384
Due from other governments	\$ 233,093	\$ 815,466	\$ 1,048,559
Due from other funds (Note 3)	\$ 626,890	\$ 1,608	\$ 628,498
Inventories		\$ 47,708	\$ 47,708
<b>Total Assets</b>	<b>\$ 14,823,709</b>	<b>\$ 2,982,709</b>	<b>\$ 17,806,418</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable & accrued liabilities	\$ 1,184,885	\$ 230,375	\$ 1,415,260
Due to other funds (Note 3)	\$ 1,300	\$ 440,273	\$ 441,573
<b>Total Liabilities</b>	<b>\$ 1,186,185</b>	<b>\$ 670,648</b>	<b>\$ 1,856,833</b>
<b>Fund Balances</b>			
<b>Reserved for</b>			
Debt service purposes		\$ 1,139,959	\$ 1,139,959
Permanent fund purposes		\$ 5,341	\$ 5,341
Unemployment benefits		\$ 100,323	\$ 100,323
Forestry improvements		\$ 604	\$ 604
Inventory		\$ 47,708	\$ 47,708
<b>Unreserved</b>			
Designated, reported in capital projects fund		\$ 946,169	\$ 946,169
Undesignated, reported in			
General fund	\$ 13,637,524		\$ 13,637,524
Special revenue funds		\$ 71,957	\$ 71,957
<b>Total Fund Balances</b>	<b>\$ 13,637,524</b>	<b>\$ 2,312,061</b>	<b>\$ 15,949,585</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 14,823,709</b>	<b>\$ 2,982,709</b>	<b>\$ 17,806,418</b>

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

West Point School District  
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets  
 June 30, 2007

Exhibit C-1

	<u>Amount</u>
Total fund balance - governmental funds	\$ 15,949,585
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets are used in governmental activities and are not financial resources, therefore the assets are not reported in the governmental funds, net of accumulated depreciation of \$16,613,202.	\$ 16,613,202
Long-term liabilities are not due and payable in the current period, therefore the long-term liabilities are not reported in the governmental funds.	\$ (10,930,496)
Accrued interest payable on long-term liabilities is not due and payable in the current period, therefore it is not reported in the governmental funds.	\$ (494,115)
Discount on loans payable are not due and payable in the current period and therefor not reported in the governmental funds.	<u>\$ (440,567)</u>
Total net assets - governmental activities	<u><u>\$ 20,697,609</u></u>

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

West Point School District  
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2007

Exhibit D

	Major Funds		Total Governmental Funds
	General Fund	Other Governmental Funds	
Revenues			
Local sources	\$ 5,940,423	\$ 1,083,400	\$ 7,023,823
State sources	\$ 15,148,359	\$ 1,094,909	\$ 16,243,268
Federal sources	\$ 203,927	\$ 4,603,279	\$ 4,807,206
Sixteenth section sources		\$ 15,850	\$ 15,850
Total Revenues	<u>\$ 21,292,709</u>	<u>\$ 6,797,438</u>	<u>\$ 28,090,147</u>
Expenditures			
Instruction	\$ 11,122,196	\$ 2,551,501	\$ 13,673,697
Support services	\$ 7,149,295	\$ 1,676,341	\$ 8,825,636
Facilities acquisition and construction	\$ 240,284		\$ 240,284
Debt service			
Principal (Note 5)	\$ 106,203	\$ 924,000	\$ 1,030,203
Interest	\$ 11,786	\$ 473,423	\$ 485,209
Other		\$ 9,930	\$ 9,930
Total Expenditures	<u>\$ 18,629,764</u>	<u>\$ 7,441,329</u>	<u>\$ 26,071,093</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,662,945</u>	<u>\$ (643,891)</u>	<u>\$ 2,019,054</u>
Other Financing Sources (Uses)			
Operating transfers in (Note 3)	\$ 337,607	\$ 738,477	\$ 1,076,084
Other financing sources	\$ 1,844	\$ 59	\$ 1,903
Operating transfers out (Note 3)	\$ (738,477)	\$ (337,607)	\$ (1,076,084)
Other financing uses	\$ (43,357)		\$ (43,357)
Total Other Financing Sources (Uses)	<u>\$ (442,383)</u>	<u>\$ 400,929</u>	<u>\$ (41,454)</u>
Net Change in Fund Balances	<u>\$ 2,220,562</u>	<u>\$ (242,962)</u>	<u>\$ 1,977,600</u>
Fund Balances			
July 1, 2006	\$ 11,416,962	\$ 2,574,411	\$ 13,991,373
Decrease in reserve for inventory		\$ (19,388)	\$ (19,388)
June 30, 2007	<u>\$ 13,637,524</u>	<u>\$ 2,312,061</u>	<u>\$ 15,949,585</u>

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

West Point School District  
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures  
 and Changes in Fund Balances to the Statement of Activities  
 For the Year Ended June 30, 2007

Exhibit D-1

	<u>Amount</u>
Net change in fund balance - governmental funds	\$ 1,977,600
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital assets as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$466,892 and the depreciation expense amounted to \$664,937.	\$ (198,045)
Payment on the principal on long-term liabilities is reported as expenditures in the governmental funds, but the payment reduces long-term liabilities in the statement of activities. (Note 5)	\$ 1,030,203
The amortization of the discount on loans payable is reported in the statement of activities, but not in the governmental funds.	\$ 80,102
Expenses associated with changes in the compensated absences liability is reported in the statement of activities, but is not reported in the governmental funds.	\$ (42,766)
The sale and/or disposal of capital assets is reported as other financing sources in the governmental funds, but is reported as a reduction of capital assets, net of accumulated depreciation, along with the loss on the sale/disposal of capital assets on the statement of activities.	\$ (4,702)
Accrued interest payable is reported in the statement of activities, but is not reported in the governmental funds.	\$ (49,303)
The governmental funds reported a decrease in reserve for inventory while the transaction is not reported in the statement of activities.	<u>\$ (19,388)</u>
Changes in net assets of governmental activities	<u><u>\$ 2,773,701</u></u>

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

West Point School District  
Statement of Fiduciary Assets and Liabilities  
June 30, 2007

Exhibit E

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents (Note 2)	\$ 281,771
Due from other funds (Note 3)	<u>\$ 1,167</u>
Total Assets	<u><u>\$ 282,938</u></u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 239
Due to other funds (Note 3)	\$ 188,092
Due to student clubs	<u>\$ 94,607</u>
Total Liabilities	<u><u>\$ 282,938</u></u>

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

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West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

(1) Summary of Significant Accounting Policies.

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

A. Financial Reporting Entity.

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the school district's governing board. As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of West Point since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

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

The Authority is governed by a five member board which was appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, equity, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see Note 9).

B. Basis of Presentation.

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

***Government-Wide Financial Statements:***

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

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

***Fund Financial Statements:***

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing

West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

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

C. Measurement Focus and Basis of Accounting.

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

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

The school district reports the following major governmental funds:

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

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

Additionally the school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

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

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

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

**FIDUCIARY FUNDS**

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

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications

West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association and are consistent with the broad classifications recommended in the *Financial Accounting for Local and State School Systems, 2003* issued by the U.S. Department of Education.

E. Encumbrances.

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

F. Cash and Cash Equivalents.

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

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

G. Investments.

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

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

Investments are reported at fair value.

H. Inventories and Prepaid Items.

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

I. Capital Assets.

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

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

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are reported in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. The following schedule details those thresholds.

West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

	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.)

J. Long-term liabilities.

Long-term liabilities are the unmatured principal of bonds, warrants, notes, or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments. In the government-wide Statement of Net Assets, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column. (See Note 5 for details).

K. Interfund Transactions and Balances.

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

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

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

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 3 for details for interfund transactions, including receivables and payables at year-end.

L. Equity Classifications.

**Government-Wide Financial Statements:**

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

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

West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

***Fund Financial Statements:***

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

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

Reserved for debt service purposes – An account that represents a portion of the fund balance that is legally restricted for the retirement of school district debt.

Reserved for permanent fund purposes – An account that represents a portion of the fund balances that is legally restricted for investment purposes or borrowing by the school board for capital expenditures.

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

Reserved for forestry improvements – An account that represents a portion of the fund balance that is legally restricted for improving sixteenth section forest lands.

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

Unreserved - designated, reported in capital projects funds – An account that represents a portion of the unreserved fund balance that the school board has specifically obligated for future repairs, renovations, and construction projects of school district buildings and related facilities.

M. Property Taxes.

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

N. Mississippi Adequate Education Program Revenues.

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

O. Compensated Absences.

Employees of the school district accumulate sick leave at a minimum amount as required by state law or at a greater amount provided by school district policy. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

(2) Cash and Cash Equivalents, Cash with Fiscal Agent, and Investments.

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

West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

are summarized below:

**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 school district deposits in financial institutions are held in the name of the Mississippi 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 school district's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

**Investments.** Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest surplus funds in the types of investments authorized by Section 27-105-33 (d) and (e), Miss. Code Ann. (1972) and investments authorized under Section 27-105-365 Miss. Code Ann. (1972). That authority permits the following types of investments: (a) certificates of deposit and interest bearing accounts; (b) direct US Treasury obligations; (c) US Government agencies, US Government instrumentalities or US Government sponsored enterprise obligations; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of those securities enumerated in (b) and (c) above; (e) direct obligations of the US in open-end or closed-end of any management type investment company; (f) in a trust consisting of pooled or commingled funds that includes investments in commercial paper and bankers acceptances or other short-term obligations issued by banks having one (1) of the two (2) highest short-term rating categories of either Standard Poor's Corporation or Moody's Investors Service, or corporate notes and bonds having one (1) of the three (3) highest long-term rating categories of either Standard Poor's Corporation or Moody's Investors Service, or in any open-ended or closed-ended management-type investment company or investment trust registered under the provisions or 15 USCS Section 80(a)-1 et seq. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Amounts less than \$100 can be credited to the General Fund.

**Cash and Cash Equivalents and Cash with Fiscal Agent.**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$15,365,031 and \$281,771 respectively. The carrying amount of deposits reported in the government-wide financial statements was: Cash and Cash Equivalents - \$15,359,690 and Restricted Assets - \$5,341. The Restricted Assets represents the cash balance of the sixteenth section principal fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. The bank balance was \$17,649,609. The carrying amount of school district's cash with fiscal agents held by financial institutions was \$550,238.

**Custodial Credit Risk – Deposits.** Custodial risk is the risk that in the event of a depository failure, the school district deposits may not be returned to it. The school district does not have a formal policy for custodial credit risk. However, state law permits the Mississippi State Treasurer's office to manage that risk on behalf of the school district. 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. By signed agreement the Mississippi State Treasurer's office is acting on behalf of the school district.

**Investments.**

The school district had the following investments at year end:

Investment	Maturity	Credit Rating	Fair Value
External Investment Pool	Less than one		
US Treasury Notes/Bills	Year	AAAm	<u>\$ 166,384</u>

Investments are reported at fair value which is based on quoted market price.

**Interest Rate Risk.** The school district does not have a formal investment policy that limits investments maturities as

West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

a means of managing its exposure to fair value losses arising from increasing interest rates.

(3) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds:

	Due From	Due To
Governmental funds:		
General fund	\$ 626,890	\$ 1,300
Other governmental funds	\$ 1,608	\$ 440,273
Fiduciary funds	\$ 1,167	\$ 188,092
Total funds	\$ 629,665	\$ 629,665

The purpose of the more significant interfund loans was to eliminate deficit cash balances in certain federal programs as part of normal year end closing adjustments.

B. Transfers In/Out.

	Transfer In	Transfers Out
Governmental funds:		
General fund	\$ 337,607	\$ 738,477
Other governmental funds	\$ 738,477	\$ 337,607
Total funds	\$ 1,076,084	\$ 1,076,084

The purpose of the interfund transfers out of the General Fund are to finance basic operations of the district that are not directly funded (i.e., vocational education program and QZAB debt service fund transactions). The transfers out in the Non-major funds are primarily the transfer of indirect cost on federal programs to the General Fund.

(4) Capital Assets.

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

	Balance 7-1-2006	Additions	Retirements	Balance 6-30-2007
<u>Non-depreciable capital assets:</u>				
Land	\$ 199,920			\$ 199,920
Construction in progress	\$ 0	\$ 240,284		\$ 240,284
Total non-depreciable capital assets	\$ 199,920	\$ 240,284	\$ 0	\$ 440,204
<u>Depreciable capital assets:</u>				
Buildings	\$ 21,428,698			\$ 21,428,698
Building improvements	\$ 0	\$ 61,628		\$ 61,628
Mobile equipment	\$ 2,075,233	\$ 70,099		\$ 2,145,332
Furniture and equipment	\$ 1,150,515	\$ 94,881	\$ (77,938)	\$ 1,167,458
Total depreciable capital assets	\$ 24,654,446	\$ 226,608	\$ (77,938)	\$ 24,803,116
<u>Less accumulated depreciation</u>				
Buildings	\$ 5,826,586	\$ 449,642		\$ 6,276,228
Building improvements	\$ 0	\$ 2,465		\$ 2,465
Mobile equipment	\$ 1,225,991	\$ 144,680		\$ 1,370,671

West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

	Balance 7-1-2006	Additions	Retirements	Balance 6-30-2007
Furniture and equipment	\$ 985,840	\$ 68,150	\$ (73,236)	\$ 980,754
Total accumulated depreciation	\$ 8,038,417	\$ 664,937	\$ (73,236)	\$ 8,630,118
Total depreciable capital assets, net	\$ 16,616,029	\$ (438,329)	\$ (4,702)	\$ 16,172,998
Governmental activities capital assets, net	\$ 16,815,949	\$ (198,045)	\$ (4,702)	\$ 16,613,202

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 475,126
Support services	\$ 163,933
Non-instructional	\$ 25,878
Total depreciation expense	\$ 664,937

Commitments under construction contracts at June 30, 2007, are summarized as follows:

	Remaining Commitment	Required Future Financing
Technology Building Renovation	\$ 23,851	\$ 0
West point Limited Renovation	\$ 646,391	\$ 0
Total	\$ 670,242	\$ 0

(5) Long-term liabilities.

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

	Balance 7-1-2006	Additions	Reductions	Balance 6-30-2007	Amounts due within one year
A. General obligation bonds payable	\$ 1,430,000		\$ 325,000	\$ 1,105,000	\$ 340,000
B. Limited obligation bonds payable	\$ 4,750,000		\$ 305,000	\$ 4,445,000	\$ 325,000
C. Certificates of participation payable	\$ 1,065,000		\$ 60,000	\$ 1,005,000	\$ 60,000
D. Three mill notes payable	\$ 2,704,000		\$ 234,000	\$ 2,470,000	\$ 241,000
E. Obligations under energy efficiency lease	\$ 399,120		\$ 58,570	\$ 340,550	\$ 61,180
F. Qualified zone academy bonds payable	\$ 1,198,972			\$ 1,198,972	\$ 0
G. Other loans payable	\$ 243,535		\$ 47,633	\$ 195,902	\$ 48,048
H. Compensated absences payable	\$ 127,306	\$ 42,766		\$ 170,072	\$ 8,504
Total	\$ 11,917,933	\$ 42,766	\$ 1,030,203	\$ 10,930,496	\$ 1,083,732

A. General obligation bonds payable.

West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

General obligation bonds are direct obligations and pledge the full faith and credit of the school district. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, Series 1989	6.6 – 9.0	2-1-90	2-1-10	\$ 4,500,000	\$ 1,105,000

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

Year Ending June 30	Principal	Interest	Total
2008	\$ 340,000	\$ 77,350	\$ 417,350
2009	\$ 370,000	\$ 53,550	\$ 423,550
2010	\$ 395,000	\$ 37,650	\$ 432,650
Total	\$ 1,105,000	\$ 168,550	\$ 1,273,550

This debt will be retired from the Bond Retirement Fund (Debt Service Funds).

The amount of bonded indebtedness that can be incurred by the school district is limited by state statute. Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in state statutes, have been met. As of June 30, 2007, the amount of outstanding bonded indebtedness was equal to 1.8% of property assessments as of October 1, 2006.

B. Limited obligation bonds payable.

Limited obligation bonds are direct obligations and pledge the full faith and credit of the school district. Limited obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement bonds	4.4 – 6.0	2-1-98	2-1-18	\$ 6,400,000	\$ 4,445,000

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

Year Ending June 30	Principal	Interest	Total
2008	\$ 325,000	\$ 199,360	\$ 524,360
2009	\$ 340,000	\$ 185,060	\$ 525,060
2010	\$ 355,000	\$ 170,100	\$ 525,100
2011	\$ 365,000	\$ 154,125	\$ 519,125
2012	\$ 380,000	\$ 137,700	\$ 517,700
2013 – 2017	\$ 2,180,000	\$ 415,350	\$ 2,595,350
2018	\$ 500,000	\$ 22,500	\$ 522,500
Total	\$ 4,445,000	\$ 1,284,195	\$ 5,729,195

This debt will be retired from the MAEP Bond Retirement Fund (Debt Service Funds).

West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

The state aid capital improvement bonds are secured by an irrevocable pledge of certain revenues the district receives from the state of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972). The state aid capital improvement bonds are not included in the computation of the debt limit percentage.

C. Certificates of participation payable.

As more fully explained in Note 9, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Certificates of Participation, Series 1999	4.38-6.25	1-1-99	9-1-19	\$ 2,495,000	\$ 1,005,000

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

Year Ending June 30	Principal	Interest	Total
2008	\$ 60,000	\$ 45,378	\$ 105,378
2009	\$ 65,000	\$ 42,773	\$ 107,773
2010	\$ 70,000	\$ 39,929	\$ 109,929
2011	\$ 70,000	\$ 36,866	\$ 106,866
2012	\$ 75,000	\$ 33,802	\$ 108,802
2013 – 2017	\$ 450,000	\$ 113,988	\$ 563,988
2018 – 2019	\$ 215,000	\$ 15,028	\$ 230,028
Total	\$ 1,005,000	\$ 327,764	\$ 1,332,764

This debt will be retired from the EEF Building and Bus Fund (Special Revenue Funds).

D. Three mill notes payable.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Notes, 2000	4.9	9-1-00	9-1-10	\$ 1,095,000	\$ 250,000
Limited Tax Notes, 2003	4.5	6-30-03	6-30-16	\$ 2,500,000	\$ 2,220,000
				\$ 3,595,000	\$ 2,470,000

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

Year Ending June 30	Principal	Interest	Total
2008	\$ 241,000	\$ 95,278	\$ 336,278
2009	\$ 250,000	\$ 86,265	\$ 336,265
2010	\$ 259,000	\$ 76,915	\$ 335,915
2011	\$ 275,000	\$ 67,228	\$ 342,228
2012	\$ 266,000	\$ 54,043	\$ 320,043
2013 – 2016	\$ 1,179,000	\$ 112,350	\$ 1,291,350
Total	\$ 2,470,000	\$ 492,079	\$ 2,962,079

West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

This debt will be retired from the 3 Mill Note Retirement Fund (Debt Service Funds).

E. Obligations under energy efficiency lease.

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

Year Ending	June 30		Total
	Principal	Interest	
2008	\$ 61,180	\$ 13,635	\$ 74,815
2009	\$ 63,900	\$ 10,913	\$ 74,813
2010	\$ 66,720	\$ 8,072	\$ 74,792
2011	\$ 69,720	\$ 5,103	\$ 74,823
2012	\$ 72,820	\$ 2,002	\$ 74,822
2013	\$ 6,210	\$ 23	\$ 6,233
Total	\$ 340,550	\$ 39,748	\$ 380,298

An energy efficiency lease agreement dated July 15, 2002, was executed by and between the district, the lessee, and National Bank of Commerce, the lessor. The agreement authorized the borrowing of \$600,000 for the purchase of energy efficiency equipment, machinery, supplies building modifications and other energy saving items. Payments of the lease shall be made from the district maintenance fund (General Fund) and not exceed ten (10) years. The district entered into this energy efficiency lease agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972). Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

F. Qualified zone academy bonds payable.

As more fully explained in Note 10, debt has been issued by the school district that qualifies as Qualified Zone Academy bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified zone academy bonds, series 2001	None	4-15-01	4-15-15	\$ 599,486	\$ 599,486
Qualified zone academy bonds, series 2005	None	11-17-05	11-17-15	\$ 599,486	\$ 599,486
				<u>\$ 1,198,972</u>	<u>\$ 1,198,972</u>

This debt will be retired from the QZAB debt service fund (Debt Service Fund).

G. Other loans payable.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
US Environmental Protection Agency, asbestos removal loan, 1992	None	4-17-92	5-17-13	\$ 93,589	\$ 21,926
Energy investment program loan, 2003	1	8-8-03	8-1-10	\$ 300,000	\$ 173,976

West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Total				\$ 393,589	\$ 195,902

The asbestos removal loan was borrowed under the authority granted by Section 37-7-302. The energy investment loan program was borrowed under the authority granted by Section 31-25-20.

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

Year Ending June 30	Principal	Interest	Total
2008	\$ 48,048	\$ 1,740	\$ 49,788
2009	\$ 48,476	\$ 1,311	\$ 49,787
2010	\$ 48,909	\$ 879	\$ 49,788
2011	\$ 49,349	\$ 441	\$ 49,790
2012	\$ 1,120	\$ 0	\$ 1,120
Total	\$ 195,902	\$ 4,371	\$ 200,273

This debt will be retired from the district maintenance fund (General Fund).

H. Compensated absences payable.

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

(6) Defined Benefit Pension Plan.

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

**Funding Policy.** PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The current rate is 11.3% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2007, 2006 and 2005 were \$1,591,240, \$1,428,279 and \$1,212,029, respectively, which equaled the required contributions for each year.

(7) Sixteenth Section Lands.

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

West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

Year Ending June 30	Amount
2008	\$ 15,850
2009	\$ 15,850
2010	\$ 15,850
2011	\$ 15,850
2012	\$ 15,850
2013 – 2017	\$ 1,000
2018 – 2022	\$ 1,000
2023 – 2027	\$ 1,000
2028 – 2033	\$ 1,000
Thereafter	\$ 1,400
<b>Total</b>	<b>\$ 84,650</b>

(8) Risk Management.

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

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 121 school districts and one community college and covers risks of loss arising from injuries to the member's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by BancorpSouth Bank in Jackson. The funds in the trust account are used to pay any claim up to \$700,000. For a claim exceeding \$700,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. There were no additional assessments.

(9) Trust Certificates.

A trust agreement dated August 1, 1999, was executed by and between the school district and the West Point Building Corporation, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$2,495,000. Approximately \$2,446,960 was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project"); the remainder of approximately \$48,040 was used to pay the cost of issuance.

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

West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the lease; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 5 for details regarding the debt service requirement on the trust certificates.

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

(10) Qualified Zone Academy Bonds.

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary school, in partnership with the business community. The school district, in agreement with School Specialty, Cedar Falls Project Center, has entered into such an arrangement dated February 1, 2001. The Center will donate equipment, technical assistance for curriculum development, and training mentors or internships. The Center will also conduct a complete facilities audit of the high school. These contributions are to represent at least 10% of the Qualified Zone Academy Bonds loan amount. The school district, in agreement with NEF Cyberlearning, has entered into such an agreement dated August 1, 2005. The agreement provides for a 10% contribution in the form of support services for a student identification system.

Each agreement establishes a method of repayment for a qualified interest-free debt instrument. The agreements require the school district to deposit funds annually into a sinking fund account each year. The amount accumulated in the sinking fund at the end of the ten-year period will be sufficient to retire the debt. The following schedule reports the yearly deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2008	\$ 223,817
2009	\$ 223,817
2010	\$ 223,817
2011	\$ 223,817
2012	\$ 152,389
2015 – 2016	\$ 323,844
Total	<u>\$ 1,371,501</u>

(11) Alternative School Consortium.

The school district entered into an Alternative School Agreement dated June 29, 2001 creating the West Point School District Alternative School. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the West Point School District and the Clay County School District.

Section 37-13-92 (6), Miss. Code Ann. (1972), allows two or more adjacent school districts to enter into a contract to operate an alternative school program. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the alternative school program. Transportation for students attending the alternative school program will be the responsibility of the individual school district sending the students.

The West Point School District has been designated as the lead school district for the consortium, and the operations of the consortium are included in its financial statements.

West Point School District  
Notes to Financial Statements  
For the Year Ended June 30, 2007

The following Statement of Revenues an Expenditures and Changes in Fund Balance is presented to detail the financial activity of the consortium.

Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended June 30, 2007

Revenues	
Local Sources	
Tuition From Other LEA's Within the State:	
Clay County School District	\$ 10,000
Total Tuition From Other LEA's Within the State	<u>\$ 10,000</u>
Total Revenues	<u>\$ 10,000</u>
Expenditures	
Salaries	\$ 460,699,
Employee Benefits	\$ 138,459
Property	<u>\$ 4,512</u>
Total Expenditures	<u>\$ 603,670</u>
Excess of Revenues Over (Under) Expenditures	<u>(593,670)</u>
Other Financing Sources/Uses:	
Operating Transfers In	<u>\$ 593,670</u>
Total Other Financing Sources/Uses	<u>\$ 593,670</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 0</u>
Fund Balance:	
July 1, 2006	<u>\$ 0</u>
June 30, 2007	<u>\$ 0</u>

(12) Discount on Loans.

The school district has two separated debt issues (Quality Zone Academy Bonds) that are interest free and will be due and payable at a future date. The Discount on Loans represents the discounted debt and will be amortized over the life of the debt using the straight line method. The district used an effective interest rate of 5% on each of the \$1,000,000 interest free loans.

(13) Special Items.

The gain resulting from the amortized portion of the Discount on Loans is reported as a special item.

(14) Other Commitments.

Commitments under construction contracts are described in Note 4.

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REQUIRED SUPPLEMENTARY INFORMATION

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West Point School District  
 Budgetary Comparison Schedule for the General Fund  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues</b>					
Local sources	\$ 5,698,353	\$ 5,940,423	\$ 5,940,423	\$ 242,070	\$ -
State sources	\$ 14,586,724	\$ 15,148,359	\$ 15,148,359	\$ 561,635	\$ -
Federal sources	\$ 156,709	\$ 203,927	\$ 203,927	\$ 47,218	\$ -
<b>Total Revenues</b>	<b>\$ 20,441,786</b>	<b>\$ 21,292,709</b>	<b>\$ 21,292,709</b>	<b>\$ 850,923</b>	<b>\$ -</b>
<b>Expenditures</b>					
Instruction	\$ 11,952,246	\$ 11,160,196	\$ 11,122,196	\$ (792,050)	\$ 38,000
Support services	\$ 9,017,247	\$ 7,451,579	\$ 7,149,295	\$ (1,565,668)	\$ 302,284
Facilities acquisition and construction	\$ -	\$ -	\$ 240,284	\$ -	\$ (240,284)
Debt service					
Principal	\$ 112,138	\$ 106,203	\$ 106,203	\$ (5,935)	\$ -
Interest	\$ 12,460	\$ 11,786	\$ 11,786	\$ (674)	\$ -
<b>Total Expenditures</b>	<b>\$ 21,094,091</b>	<b>\$ 18,729,764</b>	<b>\$ 18,629,764</b>	<b>\$ (2,364,327)</b>	<b>\$ 100,000</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (652,305)</b>	<b>\$ 2,562,945</b>	<b>\$ 2,662,945</b>	<b>\$ 3,215,250</b>	<b>\$ (100,000)</b>
<b>Other Financing Sources (Uses)</b>					
Sale of other property	\$ 2,000	\$ -	\$ -	\$ (2,000)	\$ -
Operating transfers in	\$ 1,193,225	\$ 5,926,164	\$ 337,607	\$ 4,732,939	\$ (5,588,557)
Other financing sources	\$ -	\$ 1,844	\$ 1,844	\$ 1,844	\$ -
Operating transfers out	\$ (1,523,456)	\$ (6,327,034)	\$ (738,477)	\$ (4,803,578)	\$ 5,588,557
Other financing uses	\$ -	\$ (43,357)	\$ (43,357)	\$ (43,357)	\$ -
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (328,231)</b>	<b>\$ (442,383)</b>	<b>\$ (442,383)</b>	<b>\$ (114,152)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (980,536)</b>	<b>\$ 2,120,562</b>	<b>\$ 2,220,562</b>	<b>\$ 3,101,098</b>	<b>\$ (100,000)</b>
<b>Fund Balances</b>					
July 1, 2006	\$ 8,481,000	\$ 11,416,962	\$ 11,416,962	\$ 2,935,962	\$ -
June 30, 2007	\$ 7,500,464	\$ 13,537,524	\$ 13,637,524	\$ 6,037,060	\$ (100,000)

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

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West Point School District  
Notes to the Required Supplemental Information  
For the Year Ended June 30, 2007

(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 following the end of the fiscal year. A budgetary comparison is presented for the general fund on the same basis of accounting as the budget which is consistent with accounting principles generally accepted in the United States.

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SUPPLEMENTARY INFORMATION

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West Point School District  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Non-cash assistance:		
Food donation	10.550	\$ <u>116,775</u>
Child nutrition cluster:		
School breakfast program	10.553	\$ 636,432
National school lunch program	10.555	\$ 1,427,884
Summer food service program for children	10.559	\$ <u>22,316</u>
Total child nutrition cluster		\$ <u>2,086,632</u>
Total U.S. Department of Agriculture		\$ <u>2,203,407</u>
 <u>U.S. Department of Justice</u>		
Passed-through Mississippi Department of Public Safety:		
Juvenile justice and delinquency prevention – allocation to states	16.540	\$ <u>12,140</u>
Total U.S. Department of Justice		\$ <u>12,140</u>
 <u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The school and libraries program of the universal service fund	32.XXX	\$ <u>98,568</u>
Total Federal Communications Commission		\$ <u>98,568</u>
 <u>U.S. Department of Education</u>		
Direct programs:		
Literacy through school libraries	84.364	\$ <u>224,802</u>
Total		\$ <u>224,802</u>
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	\$ 1,189,718
Vocational education - basic grants to states	84.048	\$ 77,050
Safe and drug free schools and communities - national programs	84.184	\$ 26,219
Safe and drug-free schools and communities - state grants	84.186	\$ 26,438
State grants for innovative programs	84.298	\$ 6,226
Comprehensive school reform demonstration	84.332	\$ 51,000
Rural education	84.358	\$ 104,750
Improving teacher quality – state grants	84.367	\$ <u>273,691</u>
Total		\$ <u>1,755,092</u>
Special education cluster:		
Special education - grants to states	84.027	\$ 803,094
Special education - preschool grants	84.173	\$ <u>35,949</u>
Total		\$ <u>839,043</u>
Total passed-through Mississippi Department of Education		\$ <u>2,594,135</u>
Total U.S. Department of Education		\$ <u>2,818,937</u>

West Point School District  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2007

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Education:		
Medical assistance program	93.778	\$ <u>11,477</u>
Total U.S. Department of Health and Human Services		\$ <u>11,477</u>
<u>Corporation for National and Community Service</u>		
Passed-through the Mississippi Department of Education:		
Learn and serve America - school and community based programs	94.004	\$ <u>6,840</u>
Total Corporation for National and Community Service		\$ <u>6,840</u>
<u>Other Federal Assistance</u>		
Direct program:		
Reserve Officers' Training Corps	12.XXX	\$ <u>78,585</u>
Total Other Federal Assistance		\$ <u>78,585</u>
Total for All Federal Awards		\$ <u>5,229,954</u>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the basic financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.
4. The balance outstanding at June 30, 2007, of the loan received in a previous fiscal year under former CFDA #66.702 for asbestos removal was \$21,926.

West Point School District  
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
 For the Year Ended June 30, 2007

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administrative</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 18,952,226	\$ 13,948,251	\$ 1,123,452	\$ 1,422,105	\$ 2,458,418
Other	\$ 7,118,867	\$ 1,749,488	\$ 247,637	\$ 25,118	\$ 5,096,624
Total	<u>\$ 26,071,093</u>	<u>\$ 15,697,739</u>	<u>\$ 1,371,089</u>	<u>\$ 1,447,223</u>	<u>\$ 7,555,042</u>
Total number of students	<u>3,156</u>				
Cost per student	<u>\$ 8,261</u>	<u>\$ 4,974</u>	<u>\$ 434</u>	<u>\$ 459</u>	<u>\$ 2,394</u>

Notes to the schedule.

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.

Total number of students - the ADA report submission for month 9, which is the final submission for the school year.

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REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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# CHARLES L. SHIVERS

*Certified Public Accountant*

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

Superintendent and School Board  
West Point School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Point School District as of and for the year ended June 30, 2007, which collectively comprise the district's basic financial statements and have issued my report thereon dated April 24, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the school district's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the school district's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the school district's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is control deficiency, or combination of control deficiencies, that adversely affects the school district's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the school district's financial statements that is more than inconsequential will not be prevented or detected by the school district's internal control.

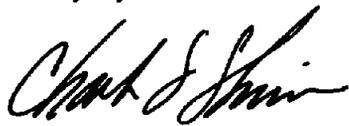
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the school district's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiency in the internal control over financial reporting that I consider to be material weaknesses, as described above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



Ridgeland, MS  
April 24, 2008

# CHARLES L. SHIVERS

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Superintendent and School Board  
West Point School District

### Compliance

I have audited the compliance of the West Point School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The district's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the school district's management. My responsibility is to express an opinion on the school district's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the school district's compliance with those requirements.

In my opinion, West Point School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

### Internal Control Over Compliance

The management of the West Point School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the school district's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the school district's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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



Ridgeland, MS  
April 24, 2008

REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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# CHARLES L. SHIVERS

*Certified Public Accountant*

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Phone: 601.941.6649  
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## REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board  
West Point School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Point School District as of and for the year ended June 30, 2007, which collectively comprise West Point School District's basic financial statements and have issued my report thereon dated April 24, 2008. I conducted my 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."

The results of my procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$4,201 of classroom supply funds carried over from previous years.

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 my 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, I have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of my audit and, accordingly, I do not express such an opinion. For the items tested for compliance with other state laws and regulations as required by the state legal compliance audit program prescribed by the Office of the State Auditor and my audit of the basic financial statements, nothing came to my attention to indicate that the district did not comply with the items tested.

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



Ridgeland, MS  
April 24, 2008

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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West Point School District  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2007

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the basic financial statements:                     | Unqualified   |
| 2. | Material noncompliance relating to the basic financial statements?                     | No            |
| 3. | Internal control over financial reporting:   |               |
|    | a. Material weaknesses identified?   | No            |
|    | b. Reportable conditions identified that are not considered to be material weaknesses? | None Reported |

**Federal Awards:**

- |    |  |               |
|----|--|---------------|
| 4. | Type of auditor's report issued on compliance for major federal programs:  | Unqualified   |
| 5. | Internal control over major programs:  |               |
|    | a. Material weaknesses identified?   | No            |
|    | b. Reportable conditions identified that are not considered to be material weaknesses?   | None Reported |
| 6. | Any audit finding(s) reported as required by section ____ .510(a) of Circular A-133?   | No            |
| 7. | Federal program identified as major program:   |               |
|    | a. Child Nutrition Cluster   |               |
|    | CFDA #: 10.553   |               |
|    | CFDA #: 10.555   |               |
|    | CFDA #: 10.559   |               |
|    | b. Special Education Cluster   |               |
|    | CFDA #: 84.027   |               |
|    | CFDA#: 84.173  |               |
| 8. | The dollar threshold used to distinguish between type A and type B programs:   | \$300,000     |
| 9. | Auditee qualified as a low-risk auditee?   | No            |
| 10 | Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____ .315(b) of OMB Circular A-133? | Yes           |

Section 2: Financial Statement Findings

The results of my tests did not disclose any findings and questioned costs related to the financial statement that are required by the *Government Auditing Standards*.

Section 3: Federal Award Findings and Questioned Costs

The results of my tests did not disclose any findings and questioned costs related to the federal awards.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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# WEST POINT SCHOOL DISTRICT

*Education: "A debt of the present to future generations"*

westpoint.k12.ms.us

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West Point, Mississippi 39773

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OFFICE OF THE SUPERINTENDENT

## Summary Schedule of Prior Audit Findings

April 2, 2008

Financial and Compliance Audit Division

As required by Section \_\_\_\_ .315(b) of OMB Circular A-133, the West Point School District has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of June 30, 2007.

<u>Finding</u>	<u>Status</u>
2006-01	Corrected

Sincerely,

Superintendent of Education

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