



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

West Jasper Consolidated School District

Audited Financial Statements

For the Year Ended June 30, 2008

Suzanne E. Smith, CPA



WEST JASPER CONSOLIDATED SCHOOL DISTRICT

TABLE OF CONTENTS

FINANCIAL AUDIT REPORT	1
Independent Auditor's Report on the Basic Financial Statements and Supplementary Information	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5-13
FINANCIAL STATEMENTS	15
Statement of Net Assets	17
Statement of Activities	18
Balance Sheet - Governmental Funds	19
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
Statement of Fiduciary Assets and Liabilities	23
Notes to the Financial Statements	25-40
REQUIREMENT SUPPLEMENTARY INFORMATION	41
Budgetary Comparison Schedule - General Fund	43
Budgetary Comparison Schedule - EEF Buildings/Buses Fund	44
Budgetary Comparison Schedule - Sixteenth Section Interest Fund	45
Notes to the Required Supplementary Information	46
SUPPLEMENTAL INFORMATION	47
Schedule of Expenditures of Federal Awards	49-50
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds	51
OTHER INFORMATION	53
Four-year Comparison - Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds	55
Four-year Comparison - Statement of Revenues, Expenditures and Changes in Fund Balances - General Funds	57
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	59
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61-62
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	63-64
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	65
Independent Auditor's Report on Compliance with State Laws and Regulations	67
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	69-73
AUDITEE'S CORRECTIVE ACTION PLAN	75
SUMMARY OF PRIOR YEAR AUDIT FINDINGS	78



WEST JASPER CONSOLIDATED SCHOOL DISTRICT
FINANCIAL AUDIT REPORT

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

Suzanne E. Smith
Certified Public Accountant
P.O. Box 7124
Meridian, MS 39304
Phone: (601) 482-7966

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
West Jasper Consolidated 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 Jasper Consolidated School District as of and for the year ended June 30, 2008, which collectively comprise the West Jasper Consolidated School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the West Jasper Consolidated 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 Jasper Consolidated School District as of June 30, 2008, 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 December 8, 2008, on my consideration of the West Jasper Consolidated 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 on Pages 5 through 13 and the Budgetary Comparison Schedule and related notes on pages 40 through 45 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 primarily 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 Jasper Consolidated 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. The Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds is presented for purposes of additional analysis as required by the Department of Education. 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.

The accompanying Four-year Comparisons of Revenues, Expenditures and Changes in Fund Balances for General Funds and for All Governmental Funds included as other information is presented for purposes of additional analysis as required by the Department of Education. However, I did not audit the information and express no opinion on it.



Meridian, MS
December 8, 2008

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

**West Jasper Consolidated School District
Management Discussion and Analysis
For the Year Ended June 30, 2008**

The discussion and analysis of West Jasper Consolidated School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2008. 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.

FINANCIAL HIGHLIGHTS

- Total net assets increased \$179,134, which represents a 1.4% increase from the fiscal year 2007.
- General revenues accounted for \$11,154,942 in revenue, or 80% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,717,110, or 20% of total revenues.
- The District had \$13,701,385 in expenses; only \$2,717,110 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$11,154,942 were adequate to provide for these programs.
- Among major funds, the General Fund had \$10,664,050 in revenues and \$10,263,168 in expenditures. The General Fund's fund balance increased \$112,923 over the prior year.
- Capital assets, net of accumulated depreciation, decreased by \$213,046.
- Long-term debt decreased by \$242,091.

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.

**West Jasper Consolidated School District
Management Discussion and Analysis
For the Year Ended June 30, 2008**

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 services, interest on long-term liabilities, and other debt service expenditures.

The government-wide financial statements can be found in 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 year. Such information may be useful in evaluating the District's current financing requirements. Governmental funds are reported using modified accrual basis of 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 provided as Exhibit C-1 and Exhibit D-1 of the financial statements.

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 in 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 presented in a separate statement of fiduciary net assets shown as Exhibit E of the financial statements.

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 following Exhibit E of the financial statements.

Other required 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.

**West Jasper Consolidated School District
Management Discussion and Analysis
For the Year Ended June 30, 2008**

The District adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found following the notes to the financial statements.

Additionally, a schedule of expenditures of federal awards is required by OMB Circular A-133, and a schedule of instructional, administrative and other expenditures for governmental funds can be found in the report sections entitled Required Supplementary Information and Supplementary Information.

A Four-Year Comparison of the Schedule of Revenues, Expenditures, and Changes in Fund Balances for Total Governmental Funds and a similar Four-Year Comparison for the General fund can be found in the report section entitled Other Information.

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 West Jasper Consolidated School District, assets exceeded liabilities by \$12,839,939 as of June 30, 2008.

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

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

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2008 and 2007.

	2008	2007	% Change
Assets			
Current assets	\$ 6,561,964	\$ 6,841,905	-4.1%
Other assets	1,141,244	841,288	35.7%
Capital assets, net	<u>7,729,160</u>	<u>7,942,206</u>	-2.7%
Total Assets	<u>15,432,368</u>	<u>15,625,399</u>	-1.2%
Liabilities			
Current liabilities	\$ 135,428	\$ 265,502	-49.0%
Long-term liabilities	2,457,001	2,699,092	-9.0%
Total Liabilities	<u>2,592,429</u>	<u>2,964,594</u>	-12.6%
Net Assets:			
Invested in capital assets, net of related debt	\$ 5,361,160	\$ 5,326,206	0.7%
Restricted	4,211,683	6,027,453	-30.1%
Unrestricted	<u>3,267,096</u>	<u>1,307,146</u>	149.9%
Total Net Assets	<u>\$ 12,839,939</u>	<u>\$ 12,660,805</u>	1.4%

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

**West Jasper Consolidated School District
Management Discussion and Analysis
For the Year Ended June 30, 2008**

- Other assets increased when investments held by a paying agent for future debt retirement were reclassified from current assets to other assets.
- The principal payment of long-term liabilities in the amount of \$268,000 and the refunding of \$2,125,000 in outstanding limited obligation bonds.
- Current year depreciation expense charges of \$379,779.

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2008 were \$13,872,052. The total cost of all programs and services was \$13,701,385. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2008 and 2007.

	2008	2007	% Change
Revenues			
Program Revenues			
Charges for Services	\$ 339,401	\$ 402,062	-15.6%
Operating grants and contributions	2,377,709	2,809,401	-15.4%
Total Program Revenues	<u>2,717,110</u>	<u>3,211,463</u>	-15.4%
General Revenues			
Property taxes	\$ 2,736,771	\$ 2,978,234	-8.1%
Unrestricted grants and contributions	8,219,211	8,049,515	2.1%
Other general revenues	198,960	424,487	-53.1%
Total General Revenues	<u>11,154,942</u>	<u>11,452,236</u>	-2.6%
Total Revenues	<u>13,872,052</u>	<u>14,663,699</u>	-5.4%
Expenses			
Instruction	\$ 7,242,647	\$ 7,123,204	1.7%
Support Services	5,397,553	5,135,569	5.1%
Non-instructional	873,528	847,402	3.1%
Sixteenth section	17,997	20,740	-13.2%
Interest on long-term liabilities	149,661	162,679	-8.0%
Other	19,999	605	3205.6%
Total Expenses	<u>13,701,385</u>	<u>13,290,199</u>	3.1%
Increase(Decrease) in net assets	<u>\$ 170,667</u>	<u>\$ 1,373,500</u>	-87.6%
Net Assets, July 1	12,660,805	11,233,079	12.7%
Prior Period Adjustments	8,467	54,226	-84.4%
Net Assets, June 30	<u>\$ 12,839,939</u>	<u>\$ 12,660,805</u>	1.4%

The following are significant current year transactions that have had an impact on the Statement of Activities:

**West Jasper Consolidated School District
Management Discussion and Analysis
For the Year Ended June 30, 2008**

- General revenues in the form of taxes decreased by \$241,463 from the 2007 year.
- Other expenses increased by \$43,451, due primarily to bond issuance costs related to the current year refunding bond issue.
- Sixteenth section expenses increased \$15,407 from the previous year. The increased expenses represent payments for services provided for the care of trust lands.
- The district issued a \$2,145,000 refunding bond issue to refund certain outstanding limited tax obligation bonds. The refunding bonds were issued at a premium of \$24,057.

Governmental activities. The following table presents the cost of major District functional activities: instruction, support services, non-instructional, interest on long-term debt, and other debt service expenditures. 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.

	2008	2007	2008 Net (Expense) Revenue	2007 Net (Expense) Revenue
Instruction	\$ 7,242,647	\$ 7,123,204	\$ (6,192,267)	\$ (5,840,181)
Support services	5,397,553	5,135,569	(4,681,081)	(4,287,024)
Non-instructional	873,528	847,402	60,985	172,314
Sixteenth section	17,997	20,740	(17,997)	(20,740)
Interest on long-term liabilities	149,661	162,679	(133,916)	(102,500)
Other	19,999	605	(19,999)	(605)
Total Governmental Activities	\$ 13,701,385	\$ 13,290,199	\$ (10,984,275)	\$ (10,078,736)

- Net cost of governmental activities, (\$10,984,275) was financed by general revenue, which is made up of primarily property taxes (\$2,736,771), state revenue (\$8,109,983), and federal revenue (\$109,228).
- Investment earnings accounted for \$135,385 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 \$7,614,912, an increase of \$138,383 from the previous year. \$3,649,667 or 48% of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the District's

**West Jasper Consolidated School District
Management Discussion and Analysis
For the Year Ended June 30, 2008**

discretion. The remaining fund balance of \$3,965,245 or 52% 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 \$112,923.

The fund balance of the EEF Buildings/Buses Fund increased by \$58,156, due to the fact that advances from other funds decreased from the prior year. The fund balance of this fund shows a deficit of (\$328,294). This deficit exists because of the balance of advances due to the Sixteenth Section Interest Principal fund at the end of the year. The advances were used to finance school district building improvements and are allowed by state law.

The Sixteenth Section Interest Fund fund balance increased by \$113,839. The Local Building Project Fund fund balance decreased by \$2,884. The Bond Retirement Fund fund balance increased by \$9,461.

The Sixteenth Section Interest Principal increased by \$808 from the 2007 year. A transfer out of \$44,673 in expendable interest earnings was transferred to the Sixteenth Section Interest Fund at the end of the year.

Other Governmental Funds combined fund balances decreased by \$153,094 from the previous year.

BUDGETARY HIGHLIGHTS

Historical data, tentative allocations of state and federal funds, legislative mandates, and anticipated needs were used to determine original budget amounts. Over the course of the year, the District revised the annual operating budget when changes in tentative allocations, estimates, legislative mandates, staffing studies, and current and anticipated needs arose.

At the time the original budget was prepared, only estimates were available for federal funding. Typically original budgets are prepared using prior year allocation awards as estimates. Once federal awards were known, budgets were amended to reflect the actual grant awards and expenditures.

A schedule showing the original and final budget amounts compared to the District's actual financial activity of the following funds are provided in this report as Required Supplementary Information.

General Fund
EEF Buildings/Buses Fund
Sixteenth Section Interest Fund

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2008, the District's total capital assets were \$12,717,382, including land, buildings, building improvements, improvements other than buildings, mobile equipment, and furniture and equipment. This amount represents an increase of \$175,778 from the previous year. Total accumulated depreciation as of June 30, 2008, was \$4,988,222 and total depreciation expense for the year was \$379,779, resulting in total net capital assets of \$7,729,160.

**West Jasper Consolidated School District
Management Discussion and Analysis
For the Year Ended June 30, 2008**

	Capital Net Assets, Net of Depreciation		Percentage
	2008	2007	Change
Land	\$ 161,710	\$ 164,710	-1.8%
Buildings	5,186,168	5,327,852	-2.7%
Building improvements	1,381,989	1,442,015	-4.2%
Improvements other than buildings	228,970	239,865	-4.5%
Mobile equipment	664,251	648,291	2.5%
Furniture and equipment	106,072	119,473	-11.2%
Total	\$ <u>7,729,160</u>	\$ <u>7,942,206</u>	-2.7%

Additional information about the District's capital assets can be found in Note 5 of the notes to the financial statements in this report.

Debt Administration. At June 30, 2008, the District had \$2,457,001 in long term debt , of which \$288,450 is due within one year. The following table shows general long-term debt balances for the year ending June 30, 2008, as compared to June 30, 2007.

			Percentage
	2008	2007	Change
Limited obligation bonds payable	\$ 2,145,000	\$ 2,290,000	-6.3%
Three mill notes payable	223,000	326,000	-31.6%
Compensated absences	89,001	83,092	7.1%
Total	\$ <u>2,457,001</u>	\$ <u>2,699,092</u>	-9.0%

Additional information on the District's long-term debt obligations can be found in Note 6 in the notes to the financial statements.

CURRENT ISSUES

The West Jasper Consolidated 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 District's system of financial planning, budgeting and financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's office of West Jasper Consolidated School District, P.O. Box 610, Bay Springs, MS 39422.

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
FINANCIAL STATEMENTS

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 June 30, 2008

Exhibit A

ASSETS	Governmental Activities
Cash and cash equivalents (Note 2)	\$ 6,206,514
Due from other governments	355,450
Inventories	11,896
Restricted assets (Note 4)	1,129,348
Capital assets, not being depreciated: (Note 5)	
Land	161,710
Capital assets, net of accumulated depreciation: (Note 5)	
Buildings	5,186,168
Building improvements	1,381,989
Improvements other than buildings	228,970
Mobile equipment	664,251
Furniture and equipment	106,072
	<hr/>
Total assets	15,432,368
	<hr/>
LIABILITIES	
Accounts payable and accrued liabilities	34,302
Deferred revenue	53,994
Interest due on long-term liabilities	47,132
Long-term liabilities (due within one year) (Note 6)	
Capital-related liabilities	284,000
Non-capital liabilities	4,450
Long-term liabilities (due beyond one year) (Note 6)	
Capital-related liabilities	2,084,000
Non-capital liabilities	84,551
	<hr/>
Total liabilities	2,592,429
	<hr/>
NET ASSETS	
Invested in capital assets, net of related debt	5,361,160
Restricted net assets	
Expendable:	
School-based activities	2,158,402
Debt service	308,011
Forestry improvements	42,318
Unemployment benefits	33,445
Non-expendable:	
Sixteenth section	1,669,507
Unrestricted	3,267,096
	<hr/>
Total net assets	\$ 12,839,939

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

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2008

Exhibit B

Functions/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ 7,242,647	125,840	924,540		(6,192,267)
Support services	5,397,553	188	716,284		(4,681,081)
Noninstructional services	873,528	213,373	721,140		60,985
Sixteenth section	17,997		0		(17,997)
Interest on long-term debt	149,661		15,745		(133,916)
Other	19,999		0		(19,999)
Total governmental activities	\$ 13,701,385	339,401	2,377,709	0 \$	(10,984,275)
General Revenues:					
Taxes:					
General purpose levies					2,475,324
Debt service levies					261,447
Unrestricted grants and contributions:					
State					8,109,983
Federal					109,228
Unrestricted investment earnings					135,385
Sixteenth section sources					47,526
Other					16,049
Total general revenues					11,154,942
Change in Net Assets					170,667
Net Assets - Beginning					12,660,805
Adjustments					8,467
Net Assets - Beginning - Restated					12,669,272
Net Assets - Ending				\$	12,839,939

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

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

Exhibit C

	Major Funds							Total Governmental Funds
	General Fund	EEF Buildings/ Buses Fund	Sixteenth Section Interest Fund	Local Building Project Fund	Bond Retirement Fund	Sixteenth Section Principal Fund	Other Governmental Funds	
ASSETS								
Cash and cash equivalents	1,727,850	0	1,915,825	1,852,936	0	925,724	709,903	7,132,238
Investments	0	0	0	0	203,624	0	0	203,624
Due from other governments	210,234	5,021	0	0	138,226	0	1,969	355,450
Due from other funds	5,007	0	0	0	0	0	0	5,007
Advances to other funds	0	0	0	0	0	743,783	0	743,783
Inventory	0	0	0	0	0	0	11,896	11,896
Total assets	\$ 1,943,091	5,021	1,915,825	1,852,936	341,850	1,669,507	723,768	8,451,998
LIABILITIES & FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	24,455	0	5,617	0	0	0	4,230	34,302
Due to other funds	0	5,007	0	0	0	0	0	5,007
Advances from other funds	415,475	328,308	0	0	0	0	0	743,783
Unearned revenue	0	0	0	0	0	0	53,994	53,994
Total liabilities	439,930	333,315	5,617	0	0	0	58,224	837,086
Fund balances:								
Reserved for:								
Investments	0	0	0	0	0	925,724	0	925,724
Forestry improvements	0	0	0	0	0	0	42,318	42,318
Inventory	0	0	0	0	0	0	11,896	11,896
Advances	0	0	0	0	0	743,783	0	743,783
Debt service	0	0	0	0	341,850	0	13,293	355,143
Unemployment	0	0	0	0	0	0	33,445	33,445
Unreserved, designated for:								
Capital improvements	0	0	0	1,852,936	0	0	0	1,852,936
Unreserved, reported in:								
General funds	1,503,161	0	0	0	0	0	0	1,503,161
Special revenue funds	0	(328,294)	1,910,208	0	0	0	564,592	2,146,506
Total fund balances	1,503,161	(328,294)	1,910,208	1,852,936	341,850	1,669,507	665,544	7,614,912
Total liabilities & fund balances	\$ 1,943,091	5,021	1,915,825	1,852,936	341,850	1,669,507	723,768	8,451,998

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

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Activities
June 30, 2008

Exhibit C-1

	<u>Amount</u>
Total fund balance - governmental funds	\$ 7,614,912
 Amounts reported for governmental activities in the statement of net assets are different because:	
1 Capital assets are used in governmental activities and are not financial resources, therefore the assets are not reported in the governmental funds, net of accumulated depreciation of \$4,988,222 (Note 5).	7,729,160
2 Long-term liabilities are not due and payable in the current period, therefore the long-term liabilities are not reported in the governmental funds (Note 6).	(2,457,001)
3 Governmental funds recognize interest on long-term debt when it becomes due; however, the Statement of Net Assets recognizes interest as it accrues.	(47,132)
Total net assets - governmental activities	\$ <u>12,839,939</u>

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

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 For the Year Ended June 30, 2008

Exhibit D

	Major Funds							
	General Fund	EEF Buildings/ Buses Fund	Sixteenth Section Interest Fund	Local Building Project Fund	Bond Retirement Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Local sources	2,654,456	0	0	21,611	7,728	0	469,034	3,152,829
State sources	7,900,366	60,174	0	0	276,452	0	358,885	8,595,877
Federal sources	109,228	0	0	0	0	0	1,891,813	2,001,041
Sixteenth section sources	0	0	70,562	0	0	45,481	678	116,721
Total revenues	\$ 10,664,050	60,174	70,562	21,611	284,180	45,481	2,720,410	13,866,468
EXPENDITURES								
Instruction	6,193,299	0	0	0	0	0	1,031,110	7,224,409
Support Services	4,050,152	0	0	24,495	0	0	1,128,024	5,202,671
Noninstructional services	297	0	0	0	0	0	852,803	853,100
Sixteenth section	600	0	1,396	0	0	0	16,001	17,997
Debt service:								
Principal	0	0	0	0	165,000	0	103,000	268,000
Interest	18,820	15,745	0	0	109,720	0	17,082	161,367
Other	0	0	0	0	44,056	0	0	44,056
Total expenditures	10,263,168	15,745	1,396	24,495	318,776	0	3,148,020	13,771,600
Excess(deficiency) of revenues over expenditures	400,882	44,429	69,166	(2,884)	(34,596)	45,481	(427,610)	94,868
OTHER FINANCING SOURCES (USES)								
Transfers in	69,099	13,727	44,673	0	0	0	491,284	618,783
Proceeds of refunding bonds	0	0	0	0	2,145,000	0	0	2,145,000
Premium on refunding bonds	0	0	0	0	24,057	0	0	24,057
Other financing sources	0	0	0	0	0	0	284	284
Transfers out	(357,058)	0	0	0	0	(44,673)	(217,052)	(618,783)
Transfer to refunded escrow agent	0	0	0	0	(2,125,000)	0	0	(2,125,000)
Total other financing sources and uses	(287,959)	13,727	44,673	0	44,057	(44,673)	274,516	44,341
Net change in fund balances	112,923	58,156	113,839	(2,884)	9,461	808	(153,094)	139,209
Fund balances:								
July 1, 2007	1,390,238	(386,450)	1,796,369	1,855,820	332,389	1,668,699	819,464	7,476,529
Adjustments	0	0	0	0	0	0	7,156	7,156
July 1, 2007, as adjusted	1,390,238	(386,450)	1,796,369	1,855,820	332,389	1,668,699	826,620	7,483,685
Increase(decrease) in inventory	0	0	0	0	0	0	(7,982)	(7,982)
June 30, 2008	\$ 1,503,161	(328,294)	1,910,208	1,852,936	341,850	1,669,507	665,544	7,614,912

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

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

Exhibit D-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

	<u>Amount</u>
Net change in fund balances (Exhibit D)	\$ 139,209
Amounts reported for governmental activities in the statement of activities are different because:	
1 Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased/donated amounted to \$167,079, and the depreciation expense amounted to \$379,779.	(212,700)
2 In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the governmental funds, proceeds from the sale of capital assets increase financial resources. The change in net assets differs from the change in fund balances by the loss on disposal of capital assets.	(1,657)
3 Payment of principal on long-term liabilities (\$268,000) is reported as an expenditure in governmental funds, but the payment reduces long-term liabilities in the Statement of Activities. Bond refunding transfers to escrow agents (\$2,125,000) are reported as other financing uses in the governmental funds, but the transfer reduces long-term liabilities in the Statement of Activities.	2,393,000
4 Proceeds of refunding bonds are reported as an other financing source in the governmental funds, but the proceeds increase long-term liabilities in the Statement of Activities.	(2,145,000)
5 Expenses in the Statement of Activities not normally paid with expendable available financial resources are not reported as expenditures in the governmental funds:	
Compensated Absences	(5,909)
6 Decrease in inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are increased in the Statement of Activities.	(7,982)
7 Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when the interest becomes due.	11,706
Changes in net assets of governmental activities (Exhibit B)	<u>\$ 170,667</u>

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

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2008

Exhibit E

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>587,225</u>
Total Assets	<u>587,225</u>
LIABILITIES	
Accounts payable and accrued liabilities	545,345
Due to student clubs	<u>41,880</u>
Total Liabilities	\$ <u>587,225</u>

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

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

**West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008**

(1) Summary of Significant Accounting Policies.

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

A. Financial Reporting Entity.

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the school district's governing board. As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five member board to, which each member was elected by the citizens of each defined county district.

B. Basis of Presentation.

Government-wide Financial Statements:

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support. The District did not have any business type activities for the Year Ended June 30, 2008.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. *Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted net assets* consist of net assets not meeting the definitions of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements:

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

**West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008**

governmental funds.

The School District reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support, and other costs.

EEF Buildings/Buses Fund - This fund is a special revenue fund used to account for the proceeds of state educational enhancement funds that are legally restricted for building improvements or bus purchases.

Sixteenth Section Interest Fund - This special revenue fund is used to account for the financial resources associated with expendable revenues derived from the use of sixteenth section lands held in trust by the school district and from the investment of expendable sixteenth section funds.

Local Building Project Fund - This is a capital projects fund used to account for the funds transferred in from appropriate governmental funds to be used for the renovation and construction of school facilities.

Bond Retirement Fund - This is a debt service fund used to account for the financial resources associated with the retirement of long-term debt. While this fund did not meet the criteria for establishing major funds, the District chose to report the fund as a major fund for the Year Ended June 30, 2008.

Sixteenth Section Principal Fund - This is a permanent fund used to account for the nonexpendable revenues derived from the use of sixteenth section lands held in trust by the school district and from the investment of such nonexpendable revenues.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUND TYPES

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.

**West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008**

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 recorded when earned and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

Ad valorem property taxes are levied by the governing authority of the county on behalf of the school district based upon an order adopted by the school board 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.

D. Account Classifications.

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

E. Encumbrances.

An encumbrance system is maintained to account for commitments resulting from purchase orders, work orders, and contracts during the fiscal year. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported as reservations of fund balances since they do not constitute expenditures or liabilities.

F. Assets, liabilities, and net assets or equity.

1. Cash, Cash equivalents and investments.

Cash and cash equivalents.

West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The school district deposits excess funds in financial institutions selected by the school board. State statutes specify how these depositories are to be selected.

Investments.

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

For accounting purposes, certificates of deposit are classified as investments if they have a maturity greater than 3 months when acquired.

Investments of the District are reported at fair market value.

2. Receivables and payables.

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

3. Due from other governments.

Due from other governments represents amounts due from the State of Mississippi and from various grant sources and from other governments.

4. Inventories and prepaid items.

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased. Prepaid items, such as prepaid insurance, are not reported for governmental fund types since the costs of such items are accounted for as expenditures in the period of acquisition.

5. Restricted assets.

Certain resources set aside for repayment of debt are classified as restricted assets on the balance sheet because their use is limited by applicable debt statutes. The nonexpendable portion of Permanent Funds, if applicable, is classified as restricted assets because the funds are not available for use by the District except as provided for under state statute for loans from this fund and for investment purposes.

6. Capital Assets.

Capital assets, which include property, plant, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset life are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the following table

**West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008**

and estimated useful lives in excess of two years. Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

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

	Capitalization Policy	Estimated Useful Life
Land	\$ -	0
Buildings	\$ 50,000.00	40 years
Building improvements	\$ 25,000.00	20 years
Improvements other than buildings	\$ 25,000.00	20 years
Mobile equipment	\$ 5,000.00	5-10 years
Furniture and equipment	\$ 5,000.00	3- 7 years
Leased property under capital lease	**	**

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

7. Compensated absences.

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided for by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95, Miss. Code Ann. (1972). 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 27-7-307(5), Miss. Code Ann. (1972). The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the compensated absence liability payable from expendable available financial resources only if the payable has matured. For example, an employee retires.

8. Long-term liabilities, deferred debt expense, and bond discounts/premiums.

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

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

9. Fund equity.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008**

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

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

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

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

Reserved for advances – An account used to offset advances recorded in the asset accounts since they do not constitute available spendable resources and are not a component of net current assets.

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

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

Unreserved, designated – An account that represents a portion of the fund balance that is restricted for a purpose set aside by District management.

Unreserved, undesignated - An account that represents the portion of fund balance that is expendable available financial resources.

(2) Cash and Cash Equivalents and Investments.

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns.

Restrictions on deposits and investments are imposed by statutes as follows:

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest surplus funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest bearing accounts with qualified state depositories; (b)

**West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008**

direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government or enumerated agency of the United States; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or interest in, an open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration. Investment income on bond funds (Capital Projects Funds), 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.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$7,132,238 and \$587,225, respectively. The carrying amount of deposits reported in the government-wide financial statements was: cash and cash equivalents \$6,206,514 and a portion of restricted assets in the amount of \$925,724. The restricted assets of \$925,724 consist of cash and investments 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 of the district's cash and cash equivalents was \$8,051,653.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2008, none of the district's bank balance of \$8,051,653 was exposed to custodial credit risk.

Investments.

As of June 30, 2008, the district had the following investments.

<u>Investment Type</u>	<u>Maturity (years)</u>	<u>Fair Market Value</u>	<u>Rating</u>
Hancock Horizon Treasury Money Market Funds	Less than 1	<u>\$203,624</u>	AAAm

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2008, the district did not have any investments to which this would apply.

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or

**West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008**

more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2008, the district had the following investments:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Hancock Bank - Horizon Treasury Money Market Funds	<u>\$203,624</u>	100%

These investments are shown on the government-wide statements as restricted assets, since the use of the assets is pledged and restricted for long-term debt repayment.

(3) Interfund Transactions and Balances.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds.

	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General Fund	\$ 5,007	
EEF Buildings/Buses Fund		5,007
Totals	\$ <u>5,007</u>	<u>5,007</u>

Amounts due from/to other funds represent interfund loans caused by timing of receivables due from other governments to special revenue funds and the related interfund loans necessary to remedy these timing differences.

B. Advances To/From Other Funds.

	<u>Advances To</u>	<u>Advances From</u>
Governmental Funds:		
General Fund	\$ 415,475	
EEF Buildings/Buses Fund		328,308
Sixteenth Section Principal Fund	743,783	
Totals	\$ <u>743,783</u>	<u>743,783</u>

The sixteenth section principal loans payable is not reflected on the Statement of Net Assets because these amounts were borrowed by the General Fund and the EEF Buildings/Buses Fund (special revenue fund) in accordance with Section 29-3-113, Miss. Code Ann. (1972). As interfund accounts, these amounts were eliminated for government-wide statement presentation.

**West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008**

The following is a schedule by years of the total payments due on these interfund advances.

<u>Year Ending</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>				
2009	\$	108,100	29,973	138,073
2010		112,469	25,604	138,073
2011		117,015	21,058	138,073
2012		121,744	16,329	138,073
2013		126,664	11,409	138,073
2014-2017		157,791	13,772	171,563
	\$	<u>743,783</u>	<u>118,145</u>	<u>861,928</u>

The School District has pledged all state Educational Enhancement revenues for the Buildings/Buses Fund (special revenue fund) to repay \$1,000,000 in advances from the Sixteenth Section Principal Fund (permanent fund) advanced in April 1993. Proceeds from the advance (sixteenth section principal loan) were used to construct a new cafeteria at Bay Springs High School/Elementary School campus. The loan is payable through the pledge of state Educational Enhancement revenues for Buildings/Buses and general fund revenues and are payable through 2013. State law requires that this type of advance carry an interest rate of no less than 4 % annually. Annual principal and interest payments on the advance are expected to require more than 100% of such state revenues, with the difference being paid from the general fund. The total principal and interest remaining to be paid on the advance is \$369,503. Principal and interest paid for the current year and total state Educational Enhancement revenues for Buildings/Buses were \$73,901 and \$60,174, respectively.

C. Interfund Transfers.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General fund	Other governmental funds	\$ 357,058
Sixteenth Section Principal fund	Sixteenth Section Interest fund	44,673
Other governmental funds	General fund	69,099
	EEF Buildings/Buses Fund	13,727
	Other governmental funds	134,226
		<u>\$ 618,783</u>

The interfund transfers constitute general operating transfers and transfers of indirect costs. The general operating transfers move resources between funds, while transfers of indirect costs provide resources for the General Fund in return for financing the indirect costs associated with certain federal programs.

(4) Restricted Assets

The restricted assets on the Statement of Net Assets represent the cash balance totaling \$925,724 of the Sixteenth Section Principal Fund (Permanent fund), which is legally restricted and may not be used for purposes that support the District's

**West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008**

programs. In addition, the restricted assets also include the investment balance, totaling \$203,624, of investments pledged to repay MAEP Limited Obligation Bond/Notes in the Bond Retirement Fund.

(5) Capital Assets.

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

	<u>Balance</u> <u>July 01, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2008</u>
Non-depreciable Assets:					
Land	\$ 164,710			(3,000)	161,710
Total non-depreciable assets	<u>164,710</u>	<u>0</u>	<u>0</u>	<u>(3,000)</u>	<u>161,710</u>
Depreciable Assets:					
Buildings	8,000,250				8,000,250
Building Improvements	1,700,215				1,700,215
Improvements other than buildings	272,375				272,375
Mobile equipment	1,936,672	140,085			2,076,757
Furniture and equipment	470,382	26,994	(16,572)	25,271	506,075
Total depreciable assets	<u>12,379,894</u>	<u>167,079</u>	<u>(16,572)</u>	<u>25,271</u>	<u>12,555,672</u>
Less: Accumulated Depreciation for -					
Buildings	2,672,398	141,684			2,814,082
Building Improvements	258,200	60,026			318,226
Improvements other than buildings	32,510	10,895			43,405
Mobile equipment	1,288,381	124,125			1,412,506
Furniture and equipment	350,909	43,049	14,915	20,960	400,003
Total accumulated depreciation	<u>4,602,398</u>	<u>379,779</u>	<u>14,915</u>	<u>20,960</u>	<u>4,988,222</u>
Total depreciable capital assets, net	<u>7,777,496</u>	<u>(212,700)</u>	<u>(1,657)</u>	<u>4,311</u>	<u>7,567,450</u>
Governmental activities capital assets, net	<u>\$ 7,942,206</u>	<u>(212,700)</u>	<u>(1,657)</u>	<u>1,311</u>	<u>7,729,160</u>

Depreciation expense was charged to the following governmental functions:

Instruction	\$ 14,102
Support services	353,231
Non-instructional	12,446
Total	<u>\$ 379,779</u>

(6) Long-term Liabilities.

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

**West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008**

	<u>Balance</u> <u>July 01, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Defeasance</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Amounts</u> <u>due within</u> <u>one year</u>
A. Limited obligation bonds payable \$	2,290,000	2,145,000	(165,000)	(2,125,000)	2,145,000	175,000
B. Three mill notes payable	326,000		(103,000)		223,000	109,000
C. Compensated absences payable	83,092	5,909			89,001	4,450
Total \$	<u>2,699,092</u>	<u>2,150,909</u>	<u>(268,000)</u>	<u>(2,125,000)</u>	<u>2,457,001</u>	<u>288,450</u>

A. Limited obligation bonds payable.

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u>
State aid capital improvement, Refunding Series 2007	4.0%	12-20-07	01-01-2018	<u>\$2,145,000</u>	<u>\$2,145,000</u>

Current Refunding.

On December 20, 2007, the school district refunded and defeased in-substance \$2,125,000 of its outstanding 1998 Series State aid capital improvement bonds, carrying an interest rate of 4.4 – 6.25%, with new Series 2007 State aid capital improvement refunding bonds in the amount of \$2,145,000, issued at a rate of 4%. Both series require annual debt service payments. Final payment on the refunding issue is due January 1, 2018. The refunding bonds were issued at a premium of \$24,057.

All issuance costs of the transaction (\$44,057) were paid from bond proceeds. The net proceeds were used to purchase U. S. government obligations. These government obligations were deposited with an escrow agent to provide for debt service on the 1997 debt to the maturity date of January 1, 2018.

The difference between the cash flows required to service the old debt and the cash flows required to service the new debt is \$82,713. The economic gain resulting from the transaction (the difference between the present value of the cash flows required to service the old debt and the cash flows required to service the new debt discounted at the effective interest rate) is \$68,498.

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

**West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008**

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009 \$	175,000	88,422	263,422
2010	185,000	78,800	263,800
2011	195,000	71,400	266,400
2012	200,000	63,600	263,600
2013	210,000	55,600	265,600
2014-2018	1,180,000	145,200	1,325,200
Total \$	<u>2,145,000</u>	<u>503,022</u>	<u>2,648,022</u>

The debt will be retired from the Bond Retirement Fund (4041). Since the net effect of the bond premium and bond issuance costs is considered to be immaterial, neither the bond premium nor the issuance costs will be capitalized on the government-wide balance sheet.

Pledged revenues.

The School District has pledged a portion of future state Minimum Adequate Education Program revenues to repay the \$2,145,000 in state aid limited obligation bonds payable issued in December 2007. Proceeds from the bonds were used to refund January 1998 limited obligation bonds payable described above. The bonds are payable solely from future revenues of the state Minimum Adequate Education Program and are payable through 2018. Annual principal and interest payments on the bonds are expected to require less than 4% of such state revenues. The total principal and interest remaining to be paid on the bonds is \$2,648,022. No principal and interest payments were due or paid during the current year.

Debt limitations.

The amount of bonded indebtedness that can be incurred by the school district is limited by Section 27-59-5 and 37-59-7, Miss. Code Ann. (1972). 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 statement for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. The state aid capital improvement bonds are not included in the computations of the debt limit percentage.

B. Three mill notes payable.

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Limited tax notes, Series 2000	5.24%	04-04-2000	04-04-2010	<u>\$925,000</u>	<u>\$223,000</u>

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

**West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008**

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2009	109,000	11,685	120,685
2010	114,000	5,974	119,974
Total \$	<u>223,000</u>	<u>17,659</u>	<u>240,659</u>

This debt will be retired from the Three Mill Ten Year Retirement Fund (4021).

C. Compensated Absences Payable.

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

(7) Defined Benefit Pension Plan.

Plan Description. The 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 rate for fiscal year ended June 30, 2008, was 11.85% 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, 2008, 2007 and 2006 were \$917,833, \$873,287, and \$736,439, respectively, equal to the required contributions for each year.

(8) Sixteenth Section Lands.

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

**West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008**

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2009 \$	32,914
2010	24,415
2011	21,839
2012	21,260
2013	17,083
2014-2018	56,376
2019-2023	38,083
2024-2028	35,699
2029-2033	680
Thereafter	300
Total \$	<u>248,649</u>

(9) Deficit Fund Balance of Individual Funds.

The EEF Buildings/Buses fund (2410) has a deficit fund balance in the amount of (\$328,294).

This deficit fund balance was caused by the advance from other funds created by loans from the Sixteenth Section Principal fund (permanent fund). State law specifically allows for such types of interfund loans. The annual payments on the outstanding loans will be made with future State revenues pledged by the district at the time that the loans were approved and finalized. The deficit fund balance in the EEF Buildings/Buses fund represents the commitment of future State revenues to satisfy these interfund loan payment requirements.

(10) Prior Period Adjustments/Exhibits.

Exhibit B – Statement of Activities

<u>Explanations</u>	<u>Amount</u>
1. Adjustment to correct a prior year error in recording a capital asset	\$ 1,311
2. Adjustment to correct a prior year error in recording a liability	7,156
Total	<u>\$ 8,467</u>

Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances

<u>Other governmental funds</u>	
<u>Explanations</u>	<u>Amount</u>
1. Adjustment to correct a prior year error in recording a liability	\$ 7,156
Total	<u>\$ 7,156</u>

West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008

(11) 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 95 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 Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, 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. The district has not had an additional assessment for excess losses incurred by the pool.

(12) Subsequent events.

The School District issued a Tax Shortfall Note, Series 2008, on August 29, 2008, to cover ad valorem tax collection shortfalls for the Year Ending June 30, 2008. The total amount of the note was \$307,656, issued under the authority of Code Section 37-5-208 and 27-39-333, Miss. Code Ann. (1972).

(13) Vocational School Center.

The school district entered into a Vocational Educational agreement dated January 28, 1991, creating the Jasper County Regional Vocational Education Center. This center was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The center includes the West Jasper Consolidated School District and the East Jasper Consolidated School District.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed, and detailed procedures for student admission and transportation services for those students.

The West Jasper Consolidated School District has been designated as the fiscal agent for the Jasper County Regional Vocational Education Center, and the operations of the center are included in its financial statements.

The following Statement of Revenues, Expenditures and Changes in Fund Balance is presented to detail the financial activity of the Jasper County Regional Vocational Education Center. The statement is presented on the following page.

**West Jasper Consolidated School District
Notes to the Financial Statements
For the Year Ended June 30, 2008**

*Jasper County Regional Vocational Education Center
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2008*

Revenues

Local sources

Ad valorem from within the county:

Jasper County Board of Supervisors	\$ 225,000
Total ad valorem from within the county	<u>225,000</u>

Interest	4,945
Total local sources	<u>229,945</u>

State sources	275,331
Federal sources	<u>45,939</u>
Total revenues	<u>551,215</u>

Expenditures

Salaries	526,492
Employee benefits	157,117
Purchased property services	37,901
Other purchased services	17,240
Supplies	31,937
Property	49,969
Other	<u>1,096</u>
Total expenditures	<u>821,752</u>

Excess (Deficiency) of Revenues over Expenditures	(270,537)
---	-----------

Other Financing Sources/Uses

Transfers in	259,256
Transfers out	(54,985)
Other sources	<u>287</u>
Total other financing sources/uses	<u>204,558</u>

Net Change in Fund Balance	<u>(65,979)</u>
----------------------------	-----------------

Fund Balance:

July 01, 2007	352,643
Adjustments	(188)
June 30, 2008	<u>\$ 286,476</u>

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
 Budgetary Comparison for the General Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	2,846,492	2,591,153	2,654,456	(255,339)	63,303
State sources	7,751,738	7,594,582	7,900,366	(157,156)	305,784
Federal sources	90,000	109,800	109,228	19,800	(572)
Total Revenues	\$ 10,688,230	10,295,535	10,664,050	(392,695)	368,515
Expenditures					
Instruction	6,188,749	6,174,053	6,193,299	14,696	(19,246)
Support Services	4,088,256	4,050,152	4,050,152	38,104	0
Noninstructional	0	298	297	(298)	1
Sixteenth section	700	600	600	100	0
Debt service					
Principal	61,173	0	0	61,173	0
Interest	34,567	18,822	18,820	15,745	2
Total Expenditures	10,373,445	10,243,925	10,263,168	129,520	(19,243)
Excess (Deficiency) of Revenues Over Expenditures	314,785	51,610	400,882	(263,175)	349,272
Other Financing Sources (Uses)					
Operating transfers in	307,395	158,033	69,099	(149,362)	(88,934)
Operating transfers out	(184,018)	(180,218)	(357,058)	3,800	(176,840)
Total Other Financing Sources (Uses)	123,377	(22,185)	(287,959)	(145,562)	(265,774)
Net Change in Fund Balances	438,162	29,425	112,923	(408,737)	83,498
Fund Balances					
July 1, 2007	1,390,238	1,390,238	1,390,238	0	0
June 30, 2008	\$ 1,828,400	1,419,663	1,503,161	(408,737)	83,498

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

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
 Budgetary Comparison for the EEF Buildings/Buses Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	0	0	0	0	0
State sources	60,174	60,174	60,174	0	0
Federal sources	0	0	0	0	0
Total Revenues	\$ 60,174	60,174	60,174	0	0
Expenditures					
Instruction	0	0	0	0	0
Support Services	0	0	0	0	0
Noninstructional	0	0	0	0	0
Sixteenth section	0	0	0	0	0
Debt service	0	0	0	0	0
Principal	0	0	0	0	0
Interest	15,745	15,745	15,745	0	0
Total Expenditures	15,745	15,745	15,745	0	0
Excess (Deficiency) of Revenues Over Expenditures	44,429	44,429	44,429	0	0
Other Financing Sources (Uses)					
Operating transfers in	13,727	13,727	13,727	0	0
Operating transfers out	0	0	0	0	0
Total Other Financing Sources (Uses)	13,727	13,727	13,727	0	0
Net Change in Fund Balances	58,156	58,156	58,156	0	0
Fund Balances					
July 01, 2007	(386,450)	(386,450)	(386,450)	0	0
June 30, 2008	\$ (328,294)	(328,294)	(328,294)	0	0

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

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
 Budgetary Comparison for the Sixteenth Section Interest Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	0	0	0	0	0
State sources	0	0	0	0	0
Federal sources	0	0	0	0	0
Sixteenth section sources	131,902	70,562	70,562	(61,340)	0
Total Revenues	\$ 131,902	70,562	70,562	(61,340)	0
Expenditures					
Instruction	0	0	0	0	0
Support Services	0	0	0	0	0
Noninstructional	0	0	0	0	0
Sixteenth section	1,100	1,396	1,396	(296)	0
Debt service					
Interest	0	0	0	0	0
Total Expenditures	1,100	1,396	1,396	(296)	0
Excess (Deficiency) of Revenues Over Expenditures					
	130,802	69,166	69,166	(61,636)	0
Other Financing Sources (Uses)					
Operating transfers in	47,000	44,673	44,673	(2,327)	0
Operating transfers out	(134,000)	0	0	134,000	0
Total Other Financing Sources (Uses)	(87,000)	44,673	44,673	131,673	0
Net Change in Fund Balances	43,802	113,839	113,839	70,037	0
Fund Balances					
July 01, 2007	1,796,369	1,796,369	1,796,369	0	0
June 30, 2008	\$ 1,840,171	1,910,208	1,910,208	70,037	0

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

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2008

Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

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

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2008

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Catalog of Federal Domestic Assistance No.</u>	<u>Federal Expenditures</u>
<u>U. S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553 \$	207,412
National school lunch program	10.555	568,518
Total child nutrition cluster		<u>775,930</u>
Total U. S. Department of Agriculture		<u>775,930</u>
<u>Forest Service, Department of Agriculture</u>		
Passed-through the Jasper County Board of Supervisors:		
Urban and community forestry program	10.675	75,223
Total Forest Service, Department of Agriculture		<u>75,223</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	34,006
Total Federal Communications Commission		<u>34,006</u>
<u>U. S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	506,581
Career and technical education - basic grants to states	84.048	45,939
Safe and drug-free schools and communities - state grants	84.186	12,995
State grants for innovative programs	84.298	5,990
Education technology - state grants	84.318	9,195
Rural education	84.358	58,614
Improving teacher quality - state grants	84.367	75,539
Total		<u>714,853</u>
Special education cluster:		
Special education - grants to states	84.027	339,937
Special education - preschool grants	84.173	13,202
Total		<u>353,139</u>
Total passed-through Mississippi Department of Education		<u>1,067,992</u>
Total U. S. Department of Education		<u>1,067,992</u>
<u>U. S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Health and Human Services:		
Medical assistance program	93.778	47,890
Total passed-through Mississippi Department of Health and Human Services		<u>47,890</u>
Total U. S. Department of Health and Human Services		<u>47,890</u>
Total for all Federal Awards	\$	<u><u>2,001,041</u></u>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, as 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.

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
 Schedule of Instructional, Administrative, and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2008

Expenditures	Total	Instructional and			
		Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits \$	10,586,522	7,691,361	518,806	916,020	1,460,335
Other	3,185,078	768,476	103,677	92,641	2,220,284
Total	13,771,600	8,459,837	622,483	1,008,661	3,680,619
Total number of students *	1672				
Cost per student	\$ 8,237	5,060	372	604	2,201

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

Instructional and other Student Instructional Expenditures – includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teacher aides or classroom assistants of any type (all the 1,000's, 2100's, and 2200's functional expenditure codes).

General Administration – includes expenditures for the following functions: Support Services – General Administration (2300's) and Support Services – Business (2500's).

School Administration – includes expenditures for the following function: Support Services – School Administration (2400's).

Other – includes all expenditure functions not included in Instructional or Administration categories.

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

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

OTHER INFORMATION

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds - Last Four Years

"Unaudited"

	<u>Fiscal Year Ending June 30,</u>			
	2008	2007	2006	2005
Revenues				
Local sources	\$ 3,152,829	3,521,675	3,483,690	3,404,773
State sources	8,595,877	8,455,091	8,344,854	7,821,899
Federal sources	2,001,041	2,403,827	2,070,930	2,056,592
Sixteenth section sources	116,721	283,106	253,028	358,443
Total Revenues	<u>13,866,468</u>	<u>14,663,699</u>	<u>14,152,502</u>	<u>13,641,707</u>
Expenditures				
Instruction	7,224,409	7,104,622	7,052,211	6,504,090
Support services	5,202,671	4,954,747	4,957,301	4,362,996
Noninstructional	853,100	847,796	830,073	901,022
Sixteenth section	17,997	20,740	5,333	163,599
Facilities acquisition	0	1,255,267	586,823	32,494
Debt service				
Principal	268,000	278,454	290,562	292,788
Interest	161,367	167,316	185,637	200,549
Other	44,056	605	620	634
Total Expenditures	<u>13,771,600</u>	<u>14,629,547</u>	<u>13,908,560</u>	<u>12,458,172</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>94,868</u>	<u>34,152</u>	<u>243,942</u>	<u>1,183,535</u>
Other Financing Sources (Uses)				
Insurance loss recoveries	0	0	230,487	2,625
Sale of land	0	0	5,000	0
Sale of other property	0	0	20,178	207
Operating transfers in	618,783	2,030,371	645,903	1,258,190
Proceeds of refunding bonds	2,145,000	0	0	0
Bond premium	24,057	0	0	0
Other financing sources	284	0	2,242	3,237
Operating transfers out	(618,783)	(2,030,371)	(645,903)	(1,258,190)
Other financing uses	0	0	(5,721)	(1,546)
Transfer to escrow agent	(2,125,000)	0	0	0
Total Other Financing Sources (Uses)	<u>44,341</u>	<u>0</u>	<u>252,186</u>	<u>4,523</u>
Net Change in Fund Balances	<u>139,209</u>	<u>34,152</u>	<u>496,128</u>	<u>1,188,058</u>
Fund Balances				
July 1, 2007	7,476,529	7,439,810	6,971,676	5,647,853
Adjustments	7,156	0	(31,059)	143,805
July 1, 2007, adjusted	<u>7,483,685</u>	<u>7,439,810</u>	<u>6,940,617</u>	<u>5,791,658</u>
Increase (decrease) in inventory	(7,982)	2,567	3,065	(8,040)
June 30, 2008	<u>\$ 7,614,912</u>	<u>7,476,529</u>	<u>7,439,810</u>	<u>6,971,676</u>

** Numbers taken from prior year audit reports.

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
General Funds - Last Four Years

"Unaudited"

	<u>Fiscal Year Ending June 30,</u>			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues				
Local sources	\$ 2,654,456	2,901,597	2,917,302	2,810,910
State sources	7,900,366	7,465,660	7,400,324	6,888,968
Federal sources	109,228	105,180	76,114	90,111
Total Revenues	<u>10,664,050</u>	<u>10,472,437</u>	<u>10,393,740</u>	<u>9,789,989</u>
Expenditures				
Instruction	6,193,299	5,879,417	6,065,719	5,499,222
Support services	4,050,152	3,698,367	3,422,208	3,173,361
Noninstructional	297	240	238	42,167
Sixteenth section	600	400	400	300
Debt service				
Principal	18,820	19,454	46,562	63,788
Interest		10,691	15,296	14,694
Total Expenditures	<u>10,263,168</u>	<u>9,608,569</u>	<u>9,550,423</u>	<u>8,793,532</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>400,882</u>	<u>863,868</u>	<u>843,317</u>	<u>996,457</u>
Other Financing Sources (Uses)				
Insurance loss recoveries	0	0	220,840	2,625
Sale of land	0	0	5,000	0
Sale of other property	0	0	20,178	0
Operating transfers in	69,099	284,312	189,516	251,056
Operating transfers out	(357,058)	(1,662,925)	(113,597)	(678,225)
Total Other Financing Sources (Uses)	<u>(287,959)</u>	<u>(1,378,613)</u>	<u>321,937</u>	<u>(424,544)</u>
Net Change in Fund Balances	<u>112,923</u>	<u>(514,745)</u>	<u>1,165,254</u>	<u>571,913</u>
Fund Balances				
July 1 Fund Balance	1,390,238	1,904,983	764,954	187,510
Adjustments	0	0	(25,225)	5,531
July 1 Fund Balance, as adjusted	<u>1,390,238</u>	<u>1,904,983</u>	<u>739,729</u>	<u>193,041</u>
June 30 Fund Balance	<u>\$ 1,503,161</u>	<u>1,390,238</u>	<u>1,904,983</u>	<u>764,954</u>

** Numbers taken from prior year audit reports.

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

Suzanne E. Smith
Certified Public Accountant

P.O. Box 7124
Meridian, MS 39304
Phone: (601) 482-7966

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

Superintendent and School Board
West Jasper Consolidated School District

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of West Jasper Consolidated School District as of and for the year ended June 30, 2008, which collectively comprise West Jasper Consolidated School District's basic financial statements and have issued my report thereon dated December 8, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on 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.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in the internal control over financial reporting that I consider to be significant deficiencies.

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 a control deficiency, or combination of control deficiencies, that adversely affects the entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings 2008-01 and 2008-02 to be significant deficiencies in internal control over financial reporting.

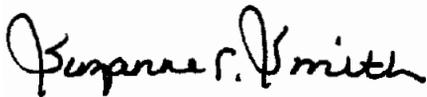
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the school district's internal control.

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 the internal control that might be significant deficiencies and, accordingly, would not necessary disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

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 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 statements 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. However, this report is a matter of public record and its distribution is not limited.



Meridian, MS
December 8, 2008

Suzanne E. Smith
Certified Public Accountant
P.O. Box 7124
Meridian, MS 39304
Phone: (601) 482-8040

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRULAR 1-133

Superintendent and School Board
West Jasper Consolidated School District

Compliance

I have audited the compliance of the West Jasper Consolidated 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, 2008. The school district's major federal programs are identified in the summary of the 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, the West Jasper Consolidated 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, 2008.

Internal Control over Compliance

The management of the West Jasper Consolidated School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the school district's internal control over compliance with the 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.

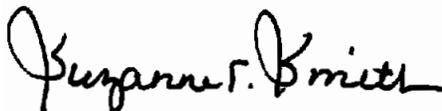
My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies.

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 a 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. I consider the deficiency in the internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2008-03 to be a significant deficiency.

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 that will not be prevented or detected by the entity's internal control. I did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

The West Jasper Consolidated School District's response to the findings identified in my audit is described in the accompanying Auditee's Corrective Action Plan. I did not audit the West Jasper Consolidated School District's response and, accordingly, I express no opinion on the response.

This report is intended solely for the information and use of the school board and management, others within the entity, 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 the specified parties. However, this report is a matter of public record and its distribution is not limited.



Meridian, MS
December 8, 2008

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

Suzanne E. Smith
Certified Public Accountant

P.O. Box 7124
Meridian, MS 39304
Phone: (601) 482-8040

**REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS**

Superintendent and School Board
West Jasper Consolidated School District

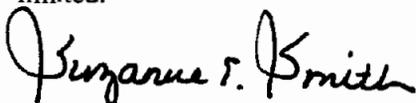
I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the West Jasper Consolidated School District as of and for the year ended June 30, 2008, which collectively comprise West Jasper Consolidated School District's basic financial statements and have issued my report thereon dated December 8, 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." 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 all state laws and regulations was not an objective of my audit and, accordingly, I do not express such an opinion. 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 \$3,174 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 function 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(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

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



Meridian, MS
December 8, 2008

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

**West Jasper Consolidated School District
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2008**

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. Significant deficiencies identified that are not considered to be material Weaknesses? | Yes |

Federal Awards:

- | | |
|--|-------------|
| 4. Type of auditor's report issued on compliance for major federal programs | Unqualified |
| 5. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified that are not considered to be material Weaknesses? | Yes |
| 6. Any audit finding(s) reported as required by section __.510(a) of Circular A-133? | Yes |
| 7. Federal programs identified as major programs: | |
| a. Title I grants to Local Educational Agencies
CFDA # 84.010 | |
| b. Child Nutrition Cluster
CFDA # 10.553, 10.555 | |
| 8. The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as a low-risk auditee? | 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

Control Deficiencies considered to be a Significant Deficiencies

2008-01. Finding Lack of segregation of duties in local school activity fund receipting/handling

A lack of segregation of duties exists at the local schools in the area of cash receipting/handling for student activity fund accounts. The following duties are combined for one person at each school:

- Cash receipts
- Coding of cash receipts
- Preparation of deposits
- Transportation of deposits

This increases the risk that unauthorized or inappropriate transactions could be processed and not be detected by school district business department employees in the normal course of their day-to-day duties. As in many public school districts, staff is limited at the local school level. Limited staff at each location is likely the main reason for this lack of segregation of duties.

Recommendation

While the best course of action would be to increase staff size, this is probably not feasible for all locations. The school district should explore compensating controls that would allow a system of checks and balances in the cash receipt/handling function of student activity fund monies.

2008-02. Finding Weakness in controls surrounding fund-raising at the local school level

School district management is responsible for establishing a proper internal control system to insure asset accountability and financial reporting accuracy for all district funds. Monies generated through fund-raising events at the local schools should be accounted for and reported in a way that will capture all revenues generated through the fund-raisers and all profits made and protect the assets associated with the fund-raisers.

Controls surrounding fund-raisers at all locations were found to be weak with respect to a formal system for authorizing sales prices for goods or for reconciling sales and profits to receipts turned in.

Recommendation

The school district should establish controls and independent verifications to ensure that all fund-raisers and related programs function in such a way as to ensure that all sales and profits associated with the events are deposited timely and the realized profit is reasonable and independently verified. Controls should be established to protect the assets associated with the fund-raiser and related program events, including the goods held for sale and the proceeds from the sales.

Section 3: Federal Award Findings and Questioned Costs

Control Deficiency considered to be a Significant Deficiency

2008-03. Finding Cash Management – Title I grants – controls did not prevent excess requests of cash
Program: Title I grants to Local Educational Agencies, Passed-through the Mississippi Department of Education:
CFDA # 84.010

Compliance Requirement: Cash Management

School district management is responsible for maintaining a system of requesting cash draw-downs from the Mississippi Department of Education for the Title I program that will minimize the time between the cash being received by the school district and the cash actually being used by the district to pay claims dockets and payrolls of the Title I program.

I tested cash draw-downs in the Title I program for the period of September 2007 through June 2008. The cash draw-downs in eight of the ten months tested were considered excessive for the cash needs of the Title I program. The school district ended the fiscal year at June 30, 2008, with a more than insignificant balance of cash on hand. The amount on-hand at June 30, 2008, was \$28,052.

The excess cash draw downs are more than likely the result of a misunderstanding by program personnel who are making the draws.

Recommendation

The school district should develop procedures to properly draw down Title I reimbursements to provide for all cash requirement needs in the month between the draw-down and the next possible cash draw-down request. The school district should make sure that excess cash is not requested.

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

WEST JASPER CONSOLIDATED SCHOOL DISTRICT
AUDITEE CORRECTIVE ACTION PLAN

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

(This page left blank intentionally)

Section 2: Financial Statement Findings

Control Deficiencies considered to be a Significant Deficiency

2008-01: Finding – Lack of segregation of duties in local school activity fund receipting/handling

District Corrective Action Plan

The school district will implement controls that will allow a system of checks and balances in the cash/receipt handling function of student activity fund monies. Under this system one person will receive/receipt, and another will transport funds to the depository. The principal will initial deposits. This system will be implemented by the principals and clerical staff at each school and will begin immediately.

2008-02: Finding – Weakness in controls surrounding fund-raising at the local school level

District Corrective Action Plan

The district will verify independently the profit of fund-raisers with the recommended use of a profit reconciliation form. This form will help the district insure that all sales and profits associated with events are deposited timely and the profit is reasonable and independently verified. The results will be reported to the superintendent and the school board. The use of this new form will be implemented by the business manager, principals, and school clerical staff. Corrective action will begin immediately.

Section 3: Federal Award Findings and Questioned Costs

Control Deficiencies considered to be Significant Deficiencies

2008-03 Finding – Cash Management – Title I grants – Controls did not prevent excess request of cash

District Corrective Action Plan

The district will implement the cash draw-down method recommended by the auditor and will diligently test monthly to insure that we only draw down the funds needed for immediate use. This method will be implemented by the business manager and the Title I clerk and will begin immediately.

WEST JASPER CONSOLIDATED SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Section 3: Federal Award Findings and Questioned Costs

Control Deficiencies considered to be Significant Deficiencies

2007-04: Finding

Program: Title I grants to Local Educational Agencies, Passed-through the Mississippi Department
Of Education: CFDA #84.010

Compliance Requirement: Cash Management

Current Year Status: Control deficiency still exists for the 2007-2008 year and is shown as Finding 2008-03.

2007-05: Finding

Program: Improving Teacher Quality-State Grants, Passed-through the Mississippi Department
Of Education: CFDA#84.367

Compliance Requirement: Availability of Funds

Current Year Status: After consideration of this control deficiency by the Mississippi Department of Education, finding was resolved when the Mississippi Department of Education clarified that the requirement for Availability of Funds did not apply to this federal award. This matter has been resolved, and no further corrective action is needed.