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WEST POINT SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2008

Charles L. Shivers, CPA  
Ridgeland, MS

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FINANCIAL AUDIT REPORT

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# CHARLES L. SHIVERS

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## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
West Point School District

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Point School District as of and for the year ended June 30, 2008, which collectively comprise the West Point School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the West Point School District's management. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Point School District as of June 30, 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 February 3, 2009, on my consideration of the West Point School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedules and related notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Point School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 other supplemental information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances, General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on it.



Ridgeland, MS  
February 3, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

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OFFICE OF THE SUPERINTENDENT

# WEST POINT SCHOOL DISTRICT

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

westpoint.k12.ms.us

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West Point, Mississippi 39773

Telephone: 662-494-4242  
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## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2008

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

The district is an accredited district as determined in the fall of 2007. Net enrollment for fall of 2007 was 3,451 with 20% of the enrollment white and 80% black. Net enrollment for fall 2006 was 3,510 with 20% of the enrollment white and 80% black. The district's attendance as a percent of enrollment was 96.62% for 2007 and 95.66% for 2006 according to the Mississippi Assessment and Accountability Reporting System (MAARS), respectively.

### FINANCIAL HIGHLIGHTS

- Total net assets increased \$1,689,973, which represents 8.2%% increase from fiscal year 2007.
- General revenues account for \$22,540,989 in revenue, or 76.9% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,769,386 or 23.1% of total revenues.
- The District had \$27,700,504 in expenses; only \$6,769,386 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$22,540,989 were adequate to provide for these programs.
- Among major funds, the General Fund had \$21,851,724 in revenues and \$20,190,469 in expenditures. The General Fund's fund balance increased \$796,627 over the prior year. The increase is the result of interest earned on deposits by the district.
- Capital assets, net of accumulated depreciation, decreased by \$67,597.
- Long-term debt decreased by \$1,074,212.

### OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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.

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

**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.

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

The District adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major special revenue fund.

Additionally, a Schedule of Expenditures of Federal Awards is required by OMB Cir. A-133 and a Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, as required by the Mississippi State Auditor, can be found in this report. Also, this report includes a Statement of Revenues, Expenditures and Changes in Fund Balance, General Fund, Last Four Years and a Statement of Revenues, Expenditures and Changes in Fund Balance, All Governmental Funds, Last Four Years as required by the Mississippi Department of Education.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net assets.** Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets (*liabilities*) exceeded liabilities (*assets*) by \$22,387,582 as of June 30, 2008.

By far the largest portion of the District's net assets (36.3%) reflects its investment in capital assets (e.g., land, construction in progress, 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 as of June 30, 2008 and 2007, respectively.

	Net Assets		Percentage
	June 30, 2008	June 30, 2007	Change
Current assets	\$ 16,189,110	\$ 17,359,504	-6.7 %
Restricted assets	1,707,836	5,341	31,876.0 %
Non-depreciable assets	262,721	440,204	-40.3 %
Depreciable assets, net	<u>16,282,884</u>	<u>16,172,998</u>	0.7 %
<b>Total assets</b>	<u>34,442,551</u>	<u>33,978,047</u>	1.4 %
Current liabilities	2,198,685	2,349,942	-6.4 %
Long-term debt outstanding	<u>9,856,284</u>	<u>10,930,496</u>	-9.8 %
<b>Total liabilities</b>	<u>12,054,969</u>	<u>13,280,438</u>	-9.2 %
<b>Net assets:</b>			
Invested in capital assets, net of related debt	8,126,140	7,588,202	7.1 %
Restricted	2,862,394	431,210	563.8 %
Unrestricted	<u>11,399,048</u>	<u>12,678,197</u>	-10.1 %
<b>Total net assets</b>	<u>\$ 22,387,582</u>	<u>20,697,609</u>	8.2 %

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

- The principal retirement of \$1,075,228 of long-term debt.
- The addition of \$608,977 in capital assets from the construction of a new school facilities.

**Changes in net assets.** The District's total revenues for the fiscal year ended June 30, 2008 were \$29,310,376. The total cost of all programs and services was \$27,700,504. The following table presents a summary of the changes in net assets for the fiscal years ending June 30, 2008 and 2007, respectively.

	Change in Net Assets		Percentage
	June 30, 2008	June 30, 2007	Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 599,089	\$ 556,019	7.7 %
Operating grants and contributions	6,170,298	5,374,264	14.8 %
General revenues:			
Property taxes	5,505,794	5,432,734	1.3 %
Grants and contributions not restricted	16,171,126	15,714,031	2.9 %
Unrestricted investment earnings	845,797	997,249	-15.2 %
Other	<u>18,272</u>	<u>17,753</u>	2.9 %
<b>Total revenues</b>	<u>29,310,376</u>	<u>28,092,050</u>	4.3 %
<b>Expenses:</b>			
Instruction	16,093,450	14,062,833	14.4 %
Support services	9,261,644	8,997,807	2.9 %

Non-instructional	1,844,181	1,793,369	2.8 %
Interest and other expense on long-term liabilities	<u>501,229</u>	<u>544,442</u>	-7.9 %
<b>Total expenses</b>	<u>27,700,504</u>	<u>25,398,451</u>	9.1 %
<b>Special items</b>	80,102	80,102	0.0 %
<b>Increase in net assets</b>	1,689,973	2,773,701	-39.1 %
<b>Net Assets, July 1</b>	<u>20,697,609</u>	<u>17,923,908</u>	15.5 %
<b>Net Assets, June 30</b>	<u>\$ 22,387,582</u>	<u>\$ 20,697,609</u>	8.2 %

**Governmental activities.** The following table presents the cost of five major District functional activities: instruction, support services, non-instructional, sixteenth section and interest and other expenses on long-term debt for fiscal years ending June 30, 2008 and 2007, respectively. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

	2008		2007	
	Total Expenses	Net(Expense) Revenue	Total Expenses	Net(Expense) Revenue
Instruction	\$ 16,093,450	\$ (12,418,733)	\$ 14,062,833	\$ (11,727,938)
Support services	9,261,644	(8,079,432)	8,997,807	( 7,48,678)
Non-instructional	1,844,181	68,276	1,793,369	284,890
Interest and other expenses on long-term liabilities	<u>501,229</u>	<u>(501,229)</u>	<u>544,442</u>	<u>(544,442)</u>
<b>Total expenses</b>	<u>\$ 27,700,504</u>	<u>\$ (20,931,118)</u>	<u>\$ 25,398,451</u>	<u>\$ (19,468,168)</u>

- Net cost of governmental activities (\$20,931,118), was financed by general revenue, which is made up of primarily property taxes (\$5,505,794) and state revenue (\$16,070,944).
- Investment earnings accounted for \$845,797 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 \$16,614,024, an increase of \$656,686. \$13,273,294 or 79.9% of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of \$3,340,730 or 20.1% is reserved 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 \$796,627 a result of interest earned on deposits and conservative spending by the district. The fund balance of Other Governmental Funds showed a decrease of \$139,941.

## BUDGETARY HIGHLIGHTS

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

Budget amounts for revenue from state sources were increased to full funding for Mississippi Adequate Education. The original budgeted amounts underestimated for potential cuts by the Mississippi legislature. This was done upon suggestion of the Mississippi Department of Education.

Budgeted amounts for expenditures for instruction and support services decreased as a result of budgeted staff vacancies not being filled over the course of the year.

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2008, the District's total capital assets were \$25,803,949, including land, construction in progress, school buildings, building improvements, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$560,629 from the previous year. Total accumulated depreciation as of June 30, 2008 was \$9,258,344 and total depreciation expense for the year was \$672,423, resulting in total net assets of \$16,545,605.

	Capital Assets, Net of Depreciation		Percentage
	2008	2007	Change
Land	\$ 199,920	\$ 199,920	0.0 %
Construction in progress	62,801	240,284	-73.9 %
Buildings	15,122,366	15,152,470	-0.2 %
Building improvements	268,946	59,163	354.6 %
Mobile equipment	650,163	774,661	-16.1 %
Furniture and equipment	241,409	186,704	29.3 %
<b>Total</b>	<b>\$ 16,545,605</b>	<b>\$ 16,613,202</b>	<b>-0.4 %</b>

**Debt Administration.** At June 30, 2008, the District had \$9,856,284 in general obligation bonds and other long-term debt outstanding, of which \$1,145,930 is due within one year.

	Outstanding Debt		Percentage
	2008	2007	Change
General obligation bonds payable	\$ 765,000	\$ 1,105,000	-30.8 %
Certificates of participation payable	945,000	1,005,000	-6.0 %
Three mill notes payable	2,229,000	2,470,000	-9.8 %
Obligations under energy efficiency leases	279,370	340,550	-18.0 %
Qualified zone academy bonds payable	1,198,972	1,198,972	0.0 %
Limited obligation bonds payable	4,120,000	4,445,000	-7.3 %
Other loans payable	147,854	195,902	-24.5 %
Compensated absences payable	171,088	170,072	0.6 %
<b>Total</b>	<b>\$ 9,856,284</b>	<b>\$ 10,930,496</b>	<b>-9.8 %</b>

The District maintains an Aa bond rating with Standard and Poors.

## CURRENT ISSUES

The West Point District is financially stable. The District is proud of its community support of the public schools.

The District has committed itself to financial excellence for many years. The operating millage increased 1.4 mills from the previous year. In addition, the District system of financial planning, budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future. Latest enrollment figures indicate that student enrollment in the District decreased 59 students in FY08 and decreased 139 students in FY07.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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West Point School District  
Statement of Net Assets  
June 30, 2008

Exhibit A

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents (Note 2)	\$ 14,001,762
Cash with fiscal agent (Note 2)	\$ 724,516
Due from other governments	\$ 1,187,302
Other receivables, net	\$ 220,069
Inventories	\$ 55,461
Restricted assets (Note 4)	\$ 1,707,836
Non-depreciable capital assets (Note 5)	\$ 262,721
Depreciable capital assets, net (Note 5)	\$ 16,282,884
<b>Total Assets</b>	<b><u>\$ 34,442,551</u></b>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 1,282,922
Discount on loans payable	\$ 360,465
Interest payable on long-term liabilities	\$ 555,298
Long-term liabilities (Due within one year) (Note 6)	
Capital related liabilities	\$ 1,025,000
Non-capital related liabilities	\$ 120,930
Long-term liabilities (Due beyond one year) (Note 6)	
Capital related liabilities	\$ 7,034,000
Non-capital related liabilities	\$ 1,676,354
<b>Total Liabilities</b>	<b><u>\$ 12,054,969</u></b>
<b>Net assets</b>	
Investment in capital assets (net of related debt)	\$ 8,126,140
Restricted net assets	
Expendable	
School-based activities	\$ 132,423
Debt service	\$ 753,449
Capital improvements	\$ 1,869,148
Forestry improvements	\$ 634
Unemployment benefits	\$ 101,109
Non-expendable	
Sixteenth section	\$ 5,631
Unrestricted	<u>\$ 11,399,048</u>
<b>Total Net Assets</b>	<b><u>\$ 22,387,582</u></b>

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

West Point School District  
Statement of Activities  
For the Year Ended June 30, 2008

Exhibit B

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
Governmental Activities				
Instruction	\$ 16,093,450	\$ 389,431	\$ 3,285,286	\$ (12,418,733)
Support services	\$ 9,261,644	\$ 24,788	\$ 1,157,424	\$ (8,079,432)
Non-instructional	\$ 1,844,181	\$ 184,870	\$ 1,727,587	\$ 68,276
Interest and other expenses on long-term liabilities	\$ 501,229			\$ (501,229)
Total Governmental Activities	\$ 27,700,504	\$ 599,089	\$ 6,170,297	\$ (20,931,118)
				General Revenues
				Taxes
				General purpose levies
				\$ 4,774,314
				Debt purpose levies
				\$ 731,480
				Unrestricted grants and contributions
				State
				\$ 16,070,944
				Federal
				\$ 100,182
				Unrestricted investment earnings
				\$ 845,797
				Sixteenth section sources
				\$ 15,850
				Other
				\$ 2,422
				Total General Revenues
				\$ 22,540,989
				Special items (Note 15)
				\$ 80,102
				Total General Revenues and Special Items
				\$ 22,621,091
				Changes in Net Assets
				\$ 1,689,973
				Net Assets - Beginning
				\$ 20,697,609
				Net Assets - Ending
				\$ 22,387,582

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

West Point School District  
 Balance Sheet - Governmental Funds  
 June 30, 2008

Exhibit C

	<u>Major Funds</u>			Total Governmental Funds
	<u>General Fund</u>	<u>Title I Fund</u>	<u>Other Governmental Funds</u>	
<b>Assets</b>				
Cash and cash equivalents (Note 2)	\$ 14,449,255		\$ 1,082,491	\$ 15,531,746
Cash with fiscal agent (Note 2)			\$ 724,516	\$ 724,516
Investments (Note 2)			\$ 177,852	\$ 177,852
Due from other governments	\$ 250,733	\$ 242,837	\$ 693,732	\$ 1,187,302
Due from other funds (Note 3)	\$ 768,220		\$ 176	\$ 768,396
Inventories			\$ 55,461	\$ 55,461
<b>Total Assets</b>	<b>\$ 15,468,208</b>	<b>\$ 242,837</b>	<b>\$ 2,734,228</b>	<b>\$ 18,445,273</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable & accrued liabilities	\$ 1,033,997	\$ 60,538	\$ 188,387	\$ 1,282,922
Due to other funds (Note 3)	\$ 60	\$ 182,299	\$ 365,968	\$ 548,327
<b>Total Liabilities</b>	<b>\$ 1,034,057</b>	<b>\$ 242,837</b>	<b>\$ 554,355</b>	<b>\$ 1,831,249</b>
<b>Fund Balances</b>				
<b>Reserved for</b>				
Capital project purposes			\$ 631,329	\$ 631,329
Debt service purposes			\$ 1,308,747	\$ 1,308,747
Permanent fund purposes			\$ 5,631	\$ 5,631
Unemployment benefits			\$ 101,109	\$ 101,109
Forestry improvements			\$ 634	\$ 634
Contract commitments	\$ 1,237,819			\$ 1,237,819
Inventory			\$ 55,461	\$ 55,461
<b>Unreserved</b>				
Undesignated, reported in				
General fund	\$ 13,196,332			\$ 13,196,332
Special revenue funds			\$ 76,962	\$ 76,962
<b>Total Fund Balances</b>	<b>\$ 14,434,151</b>	<b>\$ -</b>	<b>\$ 2,179,873</b>	<b>\$ 16,614,024</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,468,208</b>	<b>\$ 242,837</b>	<b>\$ 2,734,228</b>	<b>\$ 18,445,273</b>

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

West Point School District  
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets  
 June 30, 2008

Exhibit C-1

	<u>Amount</u>
Total fund balance - governmental funds	\$ 16,614,024
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets are used in governmental activities and are not financial resources, therefore the assets are not reported in the governmental funds, net of accumulated depreciation of \$9,258,344.	\$ 16,545,605
Long-term liabilities are not due and payable in the current period, therefore the long-term liabilities are not reported in the governmental funds.	\$ (9,856,284)
Accrued interest payable on long-term liabilities is not due and payable in the current period, therefore it is not reported in the governmental funds.	\$ (555,298)
Discount on loans payable is not due and payable in the current period and therefore not reported in the governmental funds.	<u>\$ (360,465)</u>
Total net assets - governmental activities	<u><u>\$ 22,387,582</u></u>

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

West Point School District  
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2008

Exhibit D

	Major Funds			Total Governmental Funds
	General Fund	Title I Fund	Other Governmental Funds	
<b>Revenues</b>				
Local sources	\$ 5,902,993		\$ 1,083,335	\$ 6,986,328
State sources	\$ 15,740,034		\$ 1,297,773	\$ 17,037,807
Federal sources	\$ 208,697	\$ 1,472,731	\$ 3,586,540	\$ 5,267,968
Sixteenth section sources			\$ 15,850	\$ 15,850
<b>Total Revenues</b>	<b>\$ 21,851,724</b>	<b>\$ 1,472,731</b>	<b>\$ 5,983,498</b>	<b>\$ 29,307,953</b>
<b>Expenditures</b>				
Instruction	\$ 12,125,917	\$ 1,052,915	\$ 2,448,875	\$ 15,627,707
Support services	\$ 7,477,474	\$ 27,789	\$ 1,643,455	\$ 9,148,718
Noninstructional services		\$ 73,313	\$ 1,816,968	\$ 1,890,281
Facilities acquisition and construction	\$ 471,709			\$ 471,709
Debt service				
Principal (Note 6)	\$ 109,228		\$ 966,000	\$ 1,075,228
Interest	\$ 6,141		\$ 426,619	\$ 432,760
Other			\$ 7,286	\$ 7,286
<b>Total Expenditures</b>	<b>\$ 20,190,469</b>	<b>\$ 1,154,017</b>	<b>\$ 7,309,203</b>	<b>\$ 28,653,689</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 1,661,255</b>	<b>\$ 318,714</b>	<b>\$ (1,325,705)</b>	<b>\$ 654,264</b>
<b>Other Financing Sources (Uses)</b>				
Sale of other property	\$ 2,000		\$ 422	\$ 2,422
Operating transfers in (Note 3)	\$ 44,892		\$ 1,230,234	\$ 1,275,126
Operating transfers out (Note 3)	\$ (911,520)	\$ (318,714)	\$ (44,892)	\$ (1,275,126)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (864,628)</b>	<b>\$ (318,714)</b>	<b>\$ 1,185,764</b>	<b>\$ 2,422</b>
<b>Net Change in Fund Balances</b>	<b>\$ 796,627</b>	<b>\$ -</b>	<b>\$ (139,941)</b>	<b>\$ 656,686</b>
<b>Fund Balances</b>				
July 1, 2007	\$ 13,637,524	\$ -	\$ 2,312,061	\$ 15,949,585
Increase in reserve for inventory			\$ 7,753	\$ 7,753
June 30, 2008	<b>\$ 14,434,151</b>	<b>\$ -</b>	<b>\$ 2,179,873</b>	<b>\$ 16,614,024</b>

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

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

Exhibit D-1

	<u>Amount</u>
Net change in fund balance - governmental funds	\$ 656,686
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital assets as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$608,977 and the depreciation expense amounted to \$672,423.	\$ (63,446)
Payment on the principal on long-term liabilities is reported as expenditures in the governmental funds, but the payment reduces long-term liabilities in the statement of activities.	\$ 1,075,228
Expenses associated with changes in the compensated absences liability is reported in the statement of activities, but is not reported in the governmental funds.	\$ (1,016)
The amortization of the discount on loans payable is reported in the statement of activities, but not in the governmental funds.	\$ 80,102
The sale and/or disposal of capital assets is reported as other financing sources in the governmental funds, but is reported as a reduction of capital assets, net of accumulated depreciation, along with the loss on the sale/disposal of capital assets on the statement of activities.	\$ (4,151)
Accrued interest payable is reported in the statement of activities, but is not reported in the governmental funds.	\$ (61,183)
The governmental funds reported an increase in reserve for inventory while the transaction is not reported in the statement of activities.	<u>\$ 7,753</u>
Changes in net assets of governmental activities	<u><u>\$ 1,689,973</u></u>

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

West Point School District  
Statement of Fiduciary Assets and Liabilities  
June 30, 2008

Exhibit E

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents (Note 2)	\$ 321,394
Due from other funds (Note 3)	<u>\$ 60</u>
Total Assets	<u><u>\$ 321,454</u></u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 957
Due to other funds (Note 3)	\$ 220,129
Due to student clubs	<u>\$ 100,368</u>
Total Liabilities	<u><u>\$ 321,454</u></u>

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

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

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

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

Blended component unit.

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

The Authority is governed by a five member board which was appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, equity, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see Note 11).

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 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. Invested 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.

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

3. Unrestricted net assets consist of net assets not meeting the definition 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 with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property 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 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.

Title I Fund - This special revenue fund is financed with federal funds and is used to account for expenditures associated with educationally deprived children.

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

The school district also reports fiduciary funds which focus on net assets and changes in net assets.

The District's fiduciary funds include the following:

Payroll Clearing Fund - This fund is used as a clearing account for payroll and payroll related transactions.

Accounts Payable Clearing - This fund is used as a clearing account for non-payroll transactions.

Student Club Accounts - These funds are used to account for the transaction of student clubs.

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.

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

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.

#### 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 government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

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

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

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

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

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

Revenues from the Mississippi Adequate Education Program Revenues are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

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

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.

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

Investments.

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

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

Investments for the district, as well as for its component units, are reported at fair market value.

2. Receivables and payables

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items.

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

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

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. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this account.

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 lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the following table 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	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

7. Compensated Absences.

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

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

8. Long-term Liabilities, Deferred Debt Expense, and Bond Discounts/Premiums.

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

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 6 for details.

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.

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

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

Reserved for capital projects - An account that represents that portion of fund balance in the Capital Projects Fund which was legally restricted and not available for spending for any other purpose than that for which it is restricted.

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

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

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

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

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

Reserved for contract commitments - An account that represents that portion of the fund balance which is legally restricted by approved construction / renovation contracts and is not available for spending for any other purpose than that for which it is restricted.

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

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

The district follows the practice of aggregating the cash assets of various funds to maximize cash management

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

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

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

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

**Cash and Cash Equivalents.**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$15,531,746 and \$321,394, respectively. The bank balance was \$18,475,212. The carrying amount of deposits reported in the government-wide financial statements for Cash and Cash Equivalents was \$14,001,762.

**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.

**Cash with Fiscal Agents.**

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$724,516.

**Investments.**

As of June 30, 2008, the district had the following investments reported in the governmental funds. In the government-wide financial statements the investments are reported as Restricted Assets (see Note 4). Except for the investment in the Mutual Fund, all investments are in an internal investment pool.

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Rating</u>
Mutual funds	Less than 1 year	\$ 177,852	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.

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

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.

(3) Interfund Receivables, Payables and Transfers.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds.

Receivable Fund	Payable Fund	Amount
General Fund	Major Fund – Title I Fund	\$ 182,299
	Other governmental funds	\$ 365,968
	Fiduciary funds	\$ 219,953
Other governmental funds	Fiduciary funds	\$ 176
Fiduciary funds	General Fund	\$ 60
Total		<u>\$ 768,456</u>

The purpose of the more significant interfund loans was to eliminate deficit cash balances in certain federal programs as part of the normal year end closing adjustments. The interfund loan associated with the Fiduciary Funds represents the accumulation of workers compensation insurance which will be paid from the General Fund.

B. Interfund Transfers.

Transfer Out	Transfer In	Amount
General Fund	Other governmental funds	\$ 911,520
Major fund – Title I Fund	Other governmental funds	\$ 318,714
Other governmental funds	General Fund	\$ 44,892
Total		<u>\$ 1,275,126</u>

The transfer out of the General Fund was for the purpose of funding the vocational program in the Other Governmental Funds. The transfer from the Title I Fund was to the consolidated administrative cost fund in the Other Governmental Funds.

(4) Restricted Assets.

The restricted assets consist of cash, cash with fiscal agent and investment balances, totaling \$805,468, \$724,516 and \$177,852, respectively, for a total of \$1,707,836. The cash balance portion of restricted assets represents the cash balance of the 16<sup>th</sup> section principal fund, the cash balance of the QZAB capital project fund and the cash balance of the debt service funds. The cash with fiscal agent portion of restricted assets represents the cash balance of the QZAB bond retirement funds. The investment portion of restricted assets represents the investment balance of the MAEP limited obligation bond retirement fund. All of these balances are legally restricted and may not be used for purposes that support the district's programs.

(5) Capital Assets.

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

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

	<u>Balance</u> <u>7-1-2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed</u> <u>Construction</u>	<u>Balance</u> <u>6-30-2008</u>
<b>Non-depreciable capital assets:</b>					
Land	\$ 199,920				\$ 199,920
Construction in progress	\$ 240,284	\$ 471,709	\$ _____	\$ (649,192)	\$ 62,801
Total non-depreciable capital assets	<u>\$ 440,204</u>	<u>\$ 471,709</u>	<u>\$ _____</u>	<u>\$ (649,192)</u>	<u>\$ 262,721</u>
<b>Depreciable capital assets:</b>					
Buildings	\$ 21,428,698			\$ 428,100	\$ 21,856,798
Building improvements	\$ 61,628			\$ 221,092	\$ 282,720
Mobile equipment	\$ 2,145,332				\$ 2,145,332
Furniture and equipment	\$ 1,167,458	\$ 137,268	\$ (48,348)		\$ 1,256,378
Total depreciable capital assets	<u>\$ 24,803,116</u>	<u>\$ 137,268</u>	<u>\$ (48,348)</u>	<u>\$ 649,192</u>	<u>\$ 25,541,228</u>
<b>Less accumulated depreciation for:</b>					
Buildings	\$ 6,276,228	\$ 458,204			\$ 6,734,432
Building improvements	\$ 2,465	\$ 11,309			\$ 13,774
Mobile equipment	\$ 1,370,671	\$ 124,498			\$ 1,495,169
Furniture and equipment	\$ 980,754	\$ 78,412	\$ (44,197)		\$ 1,014,969
Total depreciation	<u>\$ 8,630,118</u>	<u>\$ 672,423</u>	<u>\$ (44,197)</u>	<u>\$ _____</u>	<u>\$ 9,258,344</u>
Total depreciable capital assets, net	<u>\$ 16,172,998</u>	<u>\$ (535,155)</u>	<u>\$ (4,151)</u>	<u>\$ 649,192</u>	<u>\$ 16,282,884</u>
Governmental activities capital assets, net	<u>\$ 16,613,202</u>	<u>\$ (63,446)</u>	<u>\$ (4,151)</u>	<u>\$ _____</u>	<u>\$ 16,545,605</u>

Depreciation expense was charged to the following governmental functions:

<u>Governmental activities:</u>	<u>Amount</u>
Instruction	\$ 484,843
Support services	151,619
Non-instructional	35,961
Total Depreciation Expense	<u>\$ 672,423</u>

Commitments under construction contracts at June 30, 2008, are summarized as follows:

<u>Governmental Activities</u>	<u>Spent to</u> <u>June 30, 2008</u>	<u>Remaining</u> <u>Commitment</u>
Indoor Baseball Building - High School	<u>\$ 62,801</u>	<u>\$ 1,237,819</u>

Construction projects included in governmental activities are funded with local funds.

(6) Long-term Liabilities.

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

	<u>Balance</u> <u>7-1-2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6-30-2008</u>	<u>Amounts</u> <u>due</u> <u>within one</u> <u>year</u>
A. General obligation bonds payable	\$ 1,105,000		\$ 340,000	\$ 765,000	\$ 370,000
B. Limited obligation bonds payable	\$ 4,445,000		\$ 325,000	\$ 4,120,000	\$ 340,000
C. Certificates of participation payable	\$ 1,005,000		\$ 60,000	\$ 945,000	\$ 65,000
D. Three mill notes payable	\$ 2,470,000		\$ 241,000	\$ 2,229,000	\$ 250,000

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

	Balance 7-1-2007	Additions	Reductions	Balance 6-30-2008	Amounts due within one year
E. Obligations under energy efficiency loans payable	\$ 340,550		\$ 61,180	\$ 279,370	\$ 63,900
F. Energy investment loans payable	\$ 173,976		\$ 42,849	\$ 131,127	\$ 43,277
G. Qualified zone academy bonds payable	\$ 1,198,972		\$ 0	\$ 1,198,972	\$ 0
H. US EPA asbestos loans payable	\$ 21,926		\$ 5,199	\$ 16,727	\$ 5,199
I. Compensated absences payable	\$ 170,072	\$ 1,016		\$ 171,088	\$ 8,554
Total	<u>\$ 10,930,496</u>	<u>\$ 1,016</u>	<u>\$ 1,075,228</u>	<u>\$ 9,856,284</u>	<u>\$ 1,145,930</u>

The school district has pledged future revenue to repay debt of the district.

The district has pledged state appropriations for EEF School Buildings and Buses in the amount of \$116,831. The purpose of the pledge is to repay certificates of participation of the district. The pledge will remain in effect through 2019. The amount of the pledge is the total amounts of funds available to the district for this particular purpose. During the year, the pledged revenues represent 100% of the principal and interest requirements for the debt.

The district has pledged state appropriations for Mississippi Adequate Education Program in the amount of \$529,056. The purpose of the pledge is to repay limited obligation bonds of the district. The pledge will remain in effect through 2018. The amount of the pledge is the total amounts of funds available to the district for this particular purpose. During the year, the pledged revenues represent 100% of the principal and interest requirements for the debt.

A. General obligation bonds payable.

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

Description	Interest Rate(s)	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, Series 1989	6.6 - 9.0	2-1-90	2-1-10	\$ 4,500,000	\$ 765,000

Details of the district's June 30, 2008 general obligation bonded indebtedness are as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 370,000	\$ 53,550	\$ 423,550
2010	\$ 395,000	\$ 27,650	\$ 422,650
Total	<u>\$ 765,000</u>	<u>\$ 81,200</u>	<u>\$ 846,200</u>

This debt will be retired from the bond retirement fund (debt service fund).

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 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 assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2008, the amount of outstanding bonded indebtedness was equal to 2% of property assessments as of October 1, 2007.

B. Limited obligation bonds payable.

Limited obligation bonds are direct obligations and pledge the full faith and credit of the school district.

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

Limited obligation bonds currently outstanding are as follows:

Description	Interest Rate(s)	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital Improvement	4.4 - 6.0	2-1-98	2-1-18	\$ 6,400,000	\$ 4,120,000

Details of the district's June 30, 2008 limited obligation bonds indebtedness are as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 340,000	\$ 185,060	\$ 525,060
2010	\$ 355,000	\$ 170,100	\$ 525,100
2011	\$ 365,000	\$ 154,125	\$ 519,125
2012	\$ 380,000	\$ 137,700	\$ 517,700
2013	\$ 400,000	\$ 120,600	\$ 520,600
2014 - 2018	\$ 2,280,000	\$ 317,250	\$ 2,597,250
Total	\$ 4,120,000	\$ 1,084,835	\$ 5,204,835

This debt will be retired from the MAEP bond retirement fund (debt service fund).

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

C. Certificates of participation payable.

As more fully explained in Note 11, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

Description	Interest Rate(s)	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Certificates of Participation Series 1999	4.38 - 6.25	1-1-99	9-1-19	\$ 2,495,000	\$ 945,000

Details of the district's June 30, 2008 certificates of participation are as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 65,000	\$ 42,772	\$ 107,772
2010	\$ 70,000	\$ 39,928	\$ 109,928
2011	\$ 70,000	\$ 36,866	\$ 106,866
2012	\$ 75,000	\$ 33,802	\$ 108,802
2013	\$ 80,000	\$ 30,502	\$ 110,502
2014 - 2018	\$ 475,000	\$ 93,428	\$ 568,428
2019	\$ 110,000	\$ 5,086	\$ 115,086
Total	\$ 945,000	\$ 282,384	\$ 1,227,384

This debt will be retired from the EEF building and bus fund (special revenue fund).

D. Three mill notes payable.

Debt currently outstanding is as follows:

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

Description	Interest Rate(s)	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Limited tax notes, Series 2000	4.9	9-1-00	9-1-10	\$ 1,095,000	\$ 250,000
2. Limited tax notes, Series 2003	4.5	6-30-03	6-30-16	\$ 2,500,000	\$ 1,979,000
Total				\$ 3,595,000	\$ 2,229,000

Details of the district's June 30, three mill notes payable are as follows:

1. Three mill notes payable, series 2000.

Year Ending June 30	Principal	Interest	Total
2009	\$ 0	\$ 12,250	\$ 12,250
2010	\$ 250,000	\$ 12,250	\$ 262,250
Total	\$ 250,000	\$ 24,500	\$ 274,500

This debt will be retired from the 3 mill note retirement fund (debt service fund).

2. Three mill notes payable, series 2003.

Year Ending June 30	Principal	Interest	Total
2009	\$ 250,000	\$ 74,015	\$ 324,015
2010	\$ 259,000	\$ 64,665	\$ 323,665
2011	\$ 25,000	\$ 54,978	\$ 79,978
2012	\$ 266,000	\$ 54,043	\$ 320,043
2013	\$ 278,000	\$ 44,095	\$ 322,095
2014 - 2016	\$ 901,000	\$ 68,255	\$ 969,255
Total	\$ 1,979,000	\$ 360,051	\$ 2,339,051

This debt will be retired from the 3 mill note retirement fund (debt service fund).

Total three mill notes payable payments for all issues.

Year Ending June 30	Principal	Interest	Total
2009	\$ 250,000	\$ 86,265	\$ 336,265
2010	\$ 509,000	\$ 76,915	\$ 585,915
2011	\$ 25,000	\$ 54,978	\$ 79,978
2012	\$ 266,000	\$ 54,043	\$ 320,043
2013	\$ 278,000	\$ 44,095	\$ 322,095
2014 - 2016	\$ 901,000	\$ 68,255	\$ 969,255
Total	\$ 2,229,000	\$ 384,551	\$ 2,613,551

- E. Obligations under energy efficiency lease.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Obligation under energy efficiency loan, 2002	4.36	7-15-02	6-30-13	\$ 600,000	\$ 279,370

Details of the district's June 30, energy efficiency lease payable are as follows:

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

1. Obligations under energy efficiency lease issued.

Year Ending June 30	Interest and Maintenance		Total
	Principal	Charges	
2009	\$ 63,900	\$ 10,913	\$ 74,813
2010	\$ 66,720	\$ 8,071	\$ 74,791
2011	\$ 69,720	\$ 5,103	\$ 74,823
2012	\$ 72,820	\$ 2,002	\$ 74,822
2013	\$ 6,210	\$ 23	\$ 6,233
Total	\$ 279,370	\$ 26,112	\$ 305,482

This debt will be retired from the general fund.

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

F. Energy investment loan program.

Debt currently outstanding is as follows:

Description	Interest Rate(s)	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy investment loan program, 2003	1.0	8-8-03	8-1-10	\$ 300,000	\$ 131,127

Details of the district's June 30, energy investment loan program payable are as follows:

Year Ending June 30	Principal		Interest		Total
2009	\$ 43,277	\$ 1,311	\$ 44,588		
2010	\$ 43,707	\$ 878	\$ 44,585		
2011	\$ 44,143	\$ 441	\$ 44,584		
Total	\$ 131,127	\$ 2,630	\$ 133,757		

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

G. Qualified zone academy bonds payable.

As more fully explained in Note 12, debt has been issued by the school district that qualifies as Qualified Zone Academy bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified Zone Academy Bonds, Series 2001	0.0	4-15-01	4-15-11	599,486	599,486
Qualified Zone Academy Bonds, Series 2003	0.0	11-17-05	11-17-15	\$ 599,486	599,486
Total				\$ 1,198,972	1,198,972

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

H. US Environmental Protection Agency asbestos removal loan.

Debt currently outstanding is as follows:

Description	Interest Rate(s)	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
US EPA asbestos removal loan, 1992	0.0	4-17-92	5-17-13	\$ 93,589	\$ 16,727

Details of the district's June 30, US Environmental Protection Agency asbestos removal loan payable are as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 5,199	\$ 0	\$ 5,199
2010	\$ 5,199	\$ 0	\$ 5,199
2011	\$ 5,199	\$ 0	\$ 5,199
2012	\$ 1,130	\$ 0	\$ 1,130
Total	\$ 16,727	\$ 0	\$ 16,727

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

I. Compensated absences payable.

As more fully explained in Note 1(F)(7), 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) Other Commitments.

Commitments under construction contracts are described in Note 5.

(8) 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 employer's 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 \$1,775,872, \$1,591,240 and \$1,428,279, respectively, which equaled the required contributions for each year.

(9) Sixteenth Section Lands.

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public

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

schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30	Amount
2009	\$ 15,850
2010	15,850
2011	15,850
2012	15,850
2013	200
2014 – 2018	1,000
2019 – 2023	1,000
2024 – 2028	1,000
2029 – 2033	1,000
Thereafter	1,200
Total	<u>\$ 68,800</u>

(10) Risk Management.

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

(11) Trust Certificates.

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

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

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

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the lease; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 6 for details regarding the debt service requirement on the trust certificates.

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

(12) Qualified Zone Academy Bonds.

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105 – 34) provides for a source of capital at no or nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary school, in partnership with the business community. The

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

school district in agreement with School Specialty, Cedar Falls Project Center, has entered into such an arrangement dated February 1, 2001. The Center will donate equipment, technical assistance for curriculum development, and training mentors or internships. The Center will conduct a complete facilities audit of the high school. These contributions are to represent at least 10% of the Qualified Zone Academy Bonds loan amount. The school district, in agreement with NEF Cyber Learning, has entered into such an agreement dated August 1, 2005. The agreement provides for a 10% contribution in the form of support services for a student identification system.

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

Year Ending June 30	Amount
2009	\$ 223,817
2010	223,817
2011	223,817
2012	152,389
2013	152,389
2014-2016	<u>385,749</u>
Total	<u>\$ 1,361,978</u>

(13) Alternative School Consortium.

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

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

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

The following Statement of Revenues and Expenditures and Changes in Fund Balance is presented to detail the financial activity of the West Point School District Alternative School.

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds  
For the Year Ended June 30, 2008

Revenues

Local Sources

Tuition From Other LEA's Within the State:

Clay County School District \$ 10,000

Total Revenues \$ 10,000

Expenditures

Salaries \$ 489,105

Employee Benefits \$ 149,201

Total Expenditures \$ 638,306

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

Excess of Revenues Over (Under) Expenditures	\$ <u>(628,306)</u>
Other Financing Sources/Uses:	
Operating transfers in	\$ <u>628,306</u>
Total Other Financing Sources/Uses	\$ <u>628,306</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ <u>0</u>
Fund Balance:	
July 1, 2007	\$ <u>0</u>
June 30, 2008	\$ <u>0</u>

(14) Discount on Loans Payable.

The school district has two separate debt issues of Quality Zone Academy Bonds. Each one is in the amount \$1,000,000 and is due and payable in full at a future date. The Discount on Loans reports the discounted debt and will be amortized over the life of the debt using the straight line method. The district used an effective rate of 5% on each of the \$1,000,000 interest free loans.

(15) Special Items.

During the year, the school district recognized a gain resulting from the amortized portion of the Discount on Loans as a special item in the amount of \$80,201

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REQUIRED SUPPLEMENTARY INFORMATION

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West Point School District  
 Budgetary Comparison Schedule for the General Fund  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues</b>					
Local sources	\$ 5,940,002	\$ 5,902,993	\$ 5,902,993	\$ (37,009)	\$ -
State sources	\$ 15,511,387	\$ 15,740,034	\$ 15,740,034	\$ 228,647	\$ -
Federal sources	\$ 183,757	\$ 208,697	\$ 208,697	\$ 24,940	\$ -
<b>Total Revenues</b>	<b>\$ 21,635,146</b>	<b>\$ 21,851,724</b>	<b>\$ 21,851,724</b>	<b>\$ 216,578</b>	<b>\$ -</b>
<b>Expenditures</b>					
Instruction	\$ 13,161,514	\$ 12,453,165	\$ 12,125,917	\$ 708,349	\$ 327,248
Support services	\$ 8,810,258	\$ 7,785,489	\$ 7,477,474	\$ 1,024,769	\$ 308,015
Facilities acquisition and construction	\$ -	\$ -	\$ 471,709	\$ -	\$ (471,709)
Debt service					
Principal	\$ 118,373	\$ 109,228	\$ 109,228	\$ 9,145	\$ -
Interest	\$ 6,230	\$ 6,141	\$ 6,141	\$ 89	\$ -
<b>Total Expenditures</b>	<b>\$ 22,096,375</b>	<b>\$ 20,354,023</b>	<b>\$ 20,190,469</b>	<b>\$ 1,742,352</b>	<b>\$ 163,554</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (461,229)</b>	<b>\$ 1,497,701</b>	<b>\$ 1,661,255</b>	<b>\$ 1,958,930</b>	<b>\$ 163,554</b>
<b>Other Financing Sources (Uses)</b>					
Sale of other property	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	\$ -
Operating transfers in	\$ -	\$ -	\$ 44,892	\$ -	\$ 44,892
Other financing sources	\$ 942,641	\$ 4,352,318	\$ -	\$ 3,409,677	\$ (4,352,318)
Operating transfers out	\$ (1,303,128)	\$ (5,218,946)	\$ (911,520)	\$ (3,915,818)	\$ 4,307,426
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (358,487)</b>	<b>\$ (864,628)</b>	<b>\$ (864,628)</b>	<b>\$ (506,141)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (819,716)</b>	<b>\$ 633,073</b>	<b>\$ 796,627</b>	<b>\$ 1,452,789</b>	<b>\$ 163,554</b>
<b>Fund Balances</b>					
July 1, 2007	\$ 8,588,000	\$ 13,701,079	\$ 13,637,524	\$ 5,113,079	\$ (63,555)
June 30, 2008	\$ 7,768,284	\$ 14,334,152	\$ 14,434,151	\$ 6,565,868	\$ 99,999

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

West Point School District  
 Budgetary Comparison Schedule for the Major Special Revenue Fund - Title I Fund  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues</b>					
Federal sources	\$ 1,602,720	\$ 1,610,781	\$ 1,472,731	\$ 8,061	\$ (138,050)
<b>Total Revenues</b>	<u>\$ 1,602,720</u>	<u>\$ 1,610,781</u>	<u>\$ 1,472,731</u>	<u>\$ 8,061</u>	<u>\$ (138,050)</u>
<b>Expenditures</b>					
Instruction	\$ 1,141,126	\$ 1,146,197	\$ 1,052,915	\$ (5,071)	\$ 93,282
Support services	\$ 38,511	\$ 32,896	\$ 27,789	\$ 5,615	\$ 5,107
Noninstructional services	\$ 69,904	\$ 74,406	\$ 73,313	\$ (4,502)	\$ 1,093
<b>Total Expenditures</b>	<u>\$ 1,249,541</u>	<u>\$ 1,253,499</u>	<u>\$ 1,154,017</u>	<u>\$ (3,958)</u>	<u>\$ 99,482</u>
<b>Excess (Deficiency) of Revenues   Over Expenditures</b>	<u>\$ 353,179</u>	<u>\$ 357,282</u>	<u>\$ 318,714</u>	<u>\$ 4,103</u>	<u>\$ (38,568)</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers out	\$ (353,179)	\$ (357,282)	\$ (318,714)	\$ (4,103)	\$ 38,568
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (353,179)</u>	<u>\$ (357,282)</u>	<u>\$ (318,714)</u>	<u>\$ (4,103)</u>	<u>\$ 38,568</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances</b>					
July 1, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

West Point School District  
Notes to the Required Supplemental Information  
For the Year Ended June 30, 2008

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

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

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SUPPLEMENTARY INFORMATION

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West Point School District  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2008

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 629,460
National school lunch program	10.555	\$ 1,387,983
Summer food service program for children	10.559	\$ 35,564
Total child nutrition cluster		\$ 2,053,007
Total U.S. Department of Agriculture		\$ 2,053,007
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The school and libraries program of the universal service fund	32.XXX	\$ 71,110
Total Federal Communications Commission		\$ 71,110
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	\$ 1,483,999
Career and technical education - basic grants to states	84.048	\$ 72,463
Safe and drug-free schools and communities - state grants	84.186	\$ 19,839
Twenty first century community learning centers	84.287	\$ 315,571
State grants for innovative programs	84.298	\$ 6,053
Education technology - state grants	84.318	\$ 13,668
Teacher quality enhancement grants	84.336	\$ 40
Rural education	84.358	\$ 112,162
Literacy through school libraries	84.364	\$ 43,496
Improving teacher quality – state grants	84.367	\$ 361,553
Grants for state assessments and related activities	84.369	\$ 270
Total		\$ 2,429,114
Special education cluster:		
Special education - grants to states	84.027	\$ 716,599
Special education - preschool grants	84.173	\$ 58,883
Total		\$ 775,482
Total passed-through Mississippi Department of Education		\$ 3,204,596
Total U.S. Department of Education		\$ 3,204,596
<u>U.S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Education:		
Medical assistance program	93.778	\$ 28,027
Total U.S. Department of Health and Human Services		\$ 28,027

West Point School District  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2008

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>Other Federal Assistance</u>		
Direct program:		
Reserve Officers' Training Corps	12.XXX	\$ 89,588
Total Other Federal Assistance		\$ 89,588
 Total for All Federal Awards		 \$ 5,446,328

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the basic financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.
4. The balance outstanding at June 30, 2008, of the loan received in a previous fiscal year under former CFDA #66.702 for asbestos removal was \$16,727.

West Point School District  
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
 For the Year Ended June 30, 2008

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administrative</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 20,526,268	\$ 15,346,143	\$ 1,137,160	\$ 1,472,472	\$ 2,570,493
Other	\$ 8,127,421	\$ 2,633,397	\$ 435,587	\$ 18,541	\$ 5,039,896
Total	<u>\$ 28,653,689</u>	<u>\$ 17,979,540</u>	<u>\$ 1,572,747</u>	<u>\$ 1,491,013</u>	<u>\$ 7,610,389</u>
Total number of students	<u>3,076</u>				
Cost per student	<u>\$ 9,315</u>	<u>\$ 5,845</u>	<u>\$ 511</u>	<u>\$ 485</u>	<u>\$ 2,474</u>

Notes to the schedule.

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

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

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

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

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

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OTHER SUPPLEMENTARY INFORMATION

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West Point School District  
Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund  
Last Four Years

UNAUDITED

	2008	2007*	2006*	2005*
<b>Revenues</b>				
Local sources	\$ 5,902,993	\$ 5,940,423	\$ 5,487,232	\$ 5,241,691
State sources	\$ 15,740,034	\$ 15,148,359	\$ 14,674,117	\$ 13,825,315
Federal sources	\$ 208,697	\$ 203,927	\$ 163,414	\$ 237,728
<b>Total Revenues</b>	<u>\$ 21,851,724</u>	<u>\$ 21,292,709</u>	<u>\$ 20,324,763</u>	<u>\$ 19,304,734</u>
<b>Expenditures</b>				
Instruction	\$ 12,125,917	\$ 11,122,196	\$ 10,144,754	\$ 9,632,201
Support services	\$ 7,477,474	\$ 7,149,295	\$ 6,697,381	\$ 6,044,967
Facilities acquisition and construction	\$ 471,709	\$ 240,284	\$ -	\$ -
Debt service				
Principal	\$ 109,228	\$ 106,203	\$ 103,284	\$ 100,478
Interest	\$ 6,141	\$ 11,786	\$ 11,730	\$ 16,568
<b>Total Expenditures</b>	<u>\$ 20,190,469</u>	<u>\$ 18,629,764</u>	<u>\$ 16,957,149</u>	<u>\$ 15,794,214</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ 1,661,255</u>	<u>\$ 2,662,945</u>	<u>\$ 3,367,614</u>	<u>\$ 3,510,520</u>
<b>Other Financing Sources (Uses)</b>				
Insurances loss recoveries	\$ -	\$ -	\$ 5,937	\$ -
Sale of transportation equipment	\$ -	\$ -	\$ -	\$ 1,205
Sale of other property	\$ 2,000	\$ -	\$ -	\$ 300
Operating transfers in	\$ 44,892	\$ 337,607	\$ 213,773	\$ 158,245
Other financing sources	\$ -	\$ 1,844	\$ -	\$ -
Operating transfers out	\$ (911,520)	\$ (738,477)	\$ (777,832)	\$ (1,660,409)
Other financing uses	\$ -	\$ (43,357)	\$ -	\$ -
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (864,628)</u>	<u>\$ (442,383)</u>	<u>\$ (558,122)</u>	<u>\$ (1,500,659)</u>
<b>Net Change in Fund Balances</b>	<u>\$ 796,627</u>	<u>\$ 2,220,562</u>	<u>\$ 2,809,492</u>	<u>\$ 2,009,861</u>
<b>Fund Balances</b>				
July 1	<u>\$ 13,637,524</u>	<u>\$ 11,416,962</u>	<u>\$ 8,607,470</u>	<u>\$ 6,597,610</u>
June 30	<u>\$ 14,434,151</u>	<u>\$ 13,637,524</u>	<u>\$ 11,416,962</u>	<u>\$ 8,607,471</u>

\* Source - prior year audit reports.

West Point School District  
Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Funds  
Last Four Years

UNAUDITED

	2008	2007*	2006*	2005*
<b>Revenues</b>				
Local sources	\$ 6,986,328	\$ 7,023,823	\$ 6,722,724	\$ 6,434,531
State sources	\$ 17,037,807	\$ 16,243,268	\$ 15,692,534	\$ 14,968,140
Federal sources	\$ 5,267,968	\$ 4,807,206	\$ 4,827,073	\$ 4,581,272
Sixteenth section sources	\$ 15,850	\$ 15,850	\$ 15,850	\$ 15,850
<b>Total Revenues</b>	<b>\$ 29,307,953</b>	<b>\$ 28,090,147</b>	<b>\$ 27,258,181</b>	<b>\$ 25,999,793</b>
<b>Expenditures</b>				
Instruction	\$ 15,627,707	\$ 13,673,697	\$ 13,165,937	\$ 12,495,700
Support services	\$ 9,148,718	\$ 8,825,636	\$ 8,140,501	\$ 7,602,351
Noninstructional services	\$ 1,890,281	\$ 1,806,134	\$ 1,747,780	\$ 1,697,788
Sixteenth section	\$ -	\$ -	\$ -	\$ 897,441
Facilities acquisition and construction	\$ 471,709	\$ 240,284	\$ -	\$ -
Debt service				
Principal	\$ 1,075,228	\$ 1,030,203	\$ 977,284	\$ 924,478
Interest	\$ 432,760	\$ 485,209	\$ 539,281	\$ 590,242
Other	\$ 7,286	\$ 9,930	\$ 6,254	\$ 6,189
<b>Total Expenditures</b>	<b>\$ 28,653,689</b>	<b>\$ 26,071,093</b>	<b>\$ 24,577,037</b>	<b>\$ 24,214,189</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 654,264</b>	<b>\$ 2,019,054</b>	<b>\$ 2,681,144</b>	<b>\$ 1,785,604</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds of loans	\$ -	\$ -	\$ 1,000,000	\$ 111,306
Insurances loss recoveries	\$ -	\$ -	\$ 5,937	\$ -
Sale of transportation equipment	\$ -	\$ -	\$ -	\$ 1,205
Sale of other property	\$ 2,422	\$ -	\$ -	\$ 1,166
Operating transfers in	\$ 1,275,126	\$ 1,076,084	\$ 991,605	\$ 1,829,684
Other financing sources	\$ -	\$ 1,903	\$ -	\$ -
Operating transfers out	\$ (1,275,126)	\$ (1,076,084)	\$ (991,605)	\$ (1,829,684)
Payment to refunded bond escrow agent	\$ -	\$ -	\$ -	\$ -
Other financing uses	\$ -	\$ (43,357)	\$ -	\$ -
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 2,422</b>	<b>\$ (41,454)</b>	<b>\$ 1,005,937</b>	<b>\$ 113,677</b>
<b>Net Change in Fund Balances</b>	<b>\$ 656,686</b>	<b>\$ 1,977,600</b>	<b>\$ 3,687,081</b>	<b>\$ 1,899,281</b>
<b>Fund Balances</b>				
July 1	\$ 15,949,585	\$ 13,991,373	\$ 10,261,983	\$ 8,363,085
Increase (Decrease) in reserve for inventory	\$ 7,753	\$ (19,388)	\$ 42,309	\$ (382)
June 30	<b>\$ 16,614,024</b>	<b>\$ 15,949,585</b>	<b>\$ 13,991,373</b>	<b>\$ 10,261,984</b>

\* Source - prior year audit reports.

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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# CHARLES L. SHIVERS

*Certified Public Accountant*

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Ridgeland, Mississippi 39158

Phone: 601.941.6649  
Email: clscpa@bellsouth.net

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

Superintendent and School Board  
West Point School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Point School District as of and for the year ended June 30, 2008, which collectively comprise the district's basic financial statements and have issued my report thereon dated February 3, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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 that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in 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 school district's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the school district's financial statements that is more than inconsequential will not be prevented or detected by the school district's internal control. I consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting. See Finding 2008-01, 2008-02, 2008-03 and 2008-04.

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily 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 its compliance with certain provisions of laws, regulations, contracts, and grant

agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The school district's response to the findings identified in my audit is described in the accompanying Schedule of Findings and Questioned Costs. I did not audit the school district's response and, accordingly, I express no opinion on it.

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



Ridgeland, MS  
February 3, 2009

# CHARLES L. SHIVERS

*Certified Public Accountant*

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Ridgeland, Mississippi 39158

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

Superintendent and School Board  
West Point School District

### Compliance

I have audited the compliance of the West Point School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The district's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the school district's management. My responsibility is to express an opinion on the school district's compliance based on my audit.

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

In my opinion, West Point School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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



Ridgeland, MS  
February 3, 2009

REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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# CHARLES L. SHIVERS

*Certified Public Accountant*

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Ridgeland, Mississippi 39158

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Email: clscpa@bellsouth.net

## REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board  
West Point School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Point School District as of and for the year ended June 30, 2008, which collectively comprise West Point School District's basic financial statements and have issued my report thereon dated February 3, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the Auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds."

The results of my procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. However, providing an opinion on compliance with these requirements was not an objective of my audit and, accordingly, I do not express such an opinion. The district reported \$4,291 of classroom supply funds carried over from previous years.

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

The results of my procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding. However, providing an opinion on compliance with these requirements was not an objective of my audit and, accordingly, I do not express such an opinion.

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

The results of procedures performed to test compliance with certain other state laws and regulations as required by the state legal compliance audit program prescribed by the Office of the Mississippi State Auditor 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.



Ridgeland, MS  
February 3, 2009

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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West Point School District  
 Schedule of Findings and Questioned Costs  
 June 30, 3008

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 deficiency 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 deficiency identified that are not considered to be material weaknesses?   | None Reported |
| 6. | Any audit finding(s) reported as required by section __.510(a) of Circular A-133?   | No            |
| 7. | Federal program identified as major program:  |               |
|    | a. Title I Grants to Local Educational Agencies<br>CFDA #: 84.010   |               |
|    | b. Twenty First Community Learning Centers<br>CFDA #: 84.287  |               |
|    | c. Improving Teacher Quality – State Grants<br>CFDA #: 84.367   |               |
|    | d. Special Education Cluster<br>CFDA #: 84.027<br>CFDA#: 84.173   |               |
| 8. | The dollar threshold used to distinguish between type A and type B programs:  | \$300,000     |
| 9. | Auditee qualified as a low-risk auditee?  | No            |
| 10 | Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? | No            |

Section 2: Financial Statement Findings

Significant deficiencies identified that are not considered to be material weaknesses.

Finding 2008-01.

**CONDITION:** A high school bookkeeper performed all duties regarding the receipt of activity funds (received the funds, entered data into the accounting system, prepared the deposit slip and made the deposit).  
**CRITERIA:** A well designed system of accounting controls for the receipt of activity funds would be such that no one individual performs all aspects of the transaction from beginning to end.  
**CAUSE OF CONDITION:** The cause of the condition is the result of an inadequately designed system.  
**EFFECT OF CONDITION:** This situation could result in errors occurring in the receipt of activity fund transactions (posting, deposits, etc) and those errors not being prevented or detected in a timely manner.

West Point School District  
Schedule of Findings and Questioned Costs  
June 30, 3008

RECOMMENDATION: It is recommended that the duties of receipting activity funds be segregated to the greatest extent possible such that no one individual performs all aspects of the transaction from beginning to end.

Finding 2008-02.

CONDITION: The payroll clerk enters all data associated with the processing of payroll, including employee data, transaction coding and affixes an electronic signature as part of processing payroll checks.

CRITERIA: A well designed system of accounting controls would have someone other than the payroll clerk affixing the electronic signature to the checks.

CAUSE OF CONDITION: The cause is the result of an inadequately designed system.

EFFECT OF CONDITION: This condition could result in the payment of unauthorized payroll. It could also result in errors occurring and those errors not being prevented or detected in a timely manner.

RECOMMENDATION: It is recommended that the financial accounting software be modified such that someone other than the payroll clerk has rights and access to affixing the electronic signature to the checks.

Finding 2008-03.

CONDITION: The accounts payable clerk prepares claims for payment and affixes the electronic signature to the checks.

CRITERIA: A well designed system of accounting controls would have someone other than the accounts payable clerk affixing the electronic signature to the checks.

CAUSE OF CONDITION: The cause is the result of an inadequately designed system.

EFFECT OF CONDITION: This condition could result in the payment of unauthorized claims. It could also result in errors occurring and those errors not being prevented or detected in a timely manner.

RECOMMENDATION: It is recommended that the financial accounting software be modified so that someone other than the accounts payable clerk has rights and access to affixing the electronic signature to the checks.

Finding 2008-04.

CONDITION: The business manager prepares, approves, and enters all general journal entries.

CRITERIA: Good accounting controls would have these duties segregated to the greatest extent possible.

CAUSE OF CONDITION: The cause of this condition is a due to a limited number of business office personnel..

EFFECT OF CONDITION: This condition could lead to errors in preparing and / or entering general journal entries and those errors not being prevented or detected in a timely manner.

RECOMMENDATION: Due to the limited number of business office personnel, there is no recommendation to address this condition.

Section 3: Federal Award Findings and Questioned Costs

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

AUDITEE'S CORRECTIVE ACTION PLAN

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# WEST POINT SCHOOL DISTRICT

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

westpoint.k12.ms.us

429 Commerce Street • P. O. Box 656  
West Point, Mississippi 39773

Telephone: 662-494-4242  
Fax: 662-494-8605

OFFICE OF THE SUPERINTENDENT

February 3, 2009

As required by Section 315(c) of OMB Circular A-133, the West Point School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2008.

## Finding 2008-01.

### Corrective Action Plan

- a. Susan A. Cothren, Business Manager, 662-494-4242
- b. We will have school bookkeepers receipt funds, another school employee prepare deposits, and the bookkeeper make the deposits. Data is entered into the accounting system by the Business Manager.
- c. March, 2009

## Finding 2008-02.

### Corrective Action Plan

- a. Susan A. Cothren, Business Manager, 662-494-4242
- b. We will contact our financial accounting software vendor to add a step in the payroll process for the Business Manager to be the only employee who has rights to access and affix the electronic signature to the checks.
- c. May, 2009

## Finding 2008-03.

### Corrective Action Plan

- a. Susan A. Cothren, Business Manager, 662-494-4242
- b. We will contact our financial accounting software vendor to add a step in the accounts payable process for the Business Manager to be the only employee who has rights to access and affix the electronic signature to the checks.
- c. May, 2009

Finding 2008-04.

Corrective Action Plan

- a. Susan A. Cothren, Business Manager, 662-494-4242
- b. Due to the limited number of business office personnel, there is no way to correct this finding.
- c. No corrective action will be taken at the present time.

Sincerely,

A handwritten signature in cursive script that reads "Steve Montgomery".

Steve Montgomery  
Superintendent of Education