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WEST JASPER PUBLIC SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2011

WEST JASPER PUBLIC SCHOOL DISTRICT

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	7
MANAGEMENT'S DISCUSSION AND ANALYSIS	11
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Exhibit A - Statement of Net Assets	21
Exhibit B - Statement of Activities	23
Governmental Funds Financial Statements	
Exhibit C - Balance Sheet	25
Exhibit C-1 - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	27
Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances	29
Exhibit D-1 - Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	31
Fiduciary Funds Financial Statements	
Exhibit E - Statement of Fiduciary Assets and Liabilities	33
Notes to the Financial Statements	35
REQUIRED SUPPLMENTAL INFORMATION	
Budgetary Comparison Schedule - General Fund	55
Budgetary Comparison Schedule - Building/Bus Fund	56
Budgetary Comparison Schedule - 16th Section Interest Fund	57
Notes to the Required Supplemental Information	58
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards	61
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds	62
OTHER INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years	65
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years	66
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	69
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	71
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	75
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	79
AUDITEE'S CORRECTIVE ACTION PLAN	83

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INDEPENDENT AUDITOR'S REPORT

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Member MSCPA

Superintendent and School Board
West Jasper Public School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Jasper Public School District as of and for the year ended June 30, 2011, which collectively comprise the West Jasper Public School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the West Jasper Public School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Jasper Public School District as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

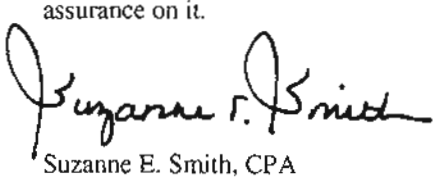
In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2012, on our consideration of the West Jasper Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Jasper Public School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying

accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Jasper Public School District's basic financial statements. The other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years, 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, we do not express an opinion or provide any assurance on it.



Suzanne E. Smith, CPA
March 16, 2012

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WEST JASPER PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2011

The following discussion and analysis of West Jasper Public School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net assets for 2011 increased $674,466, including a prior period adjustment of ($1,891), which represents a 5% increase from fiscal year 2010. Total net assets for 2010 decreased $37,326, including a prior period adjustment of ($210,338), which represents a .28% decrease from fiscal year 2009.

- General revenues amounted to $11,538,275 and $10,784,720, or 77% and 74% of all revenues for fiscal years 2011 and 2010, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for $3,485,222, or 23% of total revenues for 2011, and $3,787,259, or 26% of total revenues for 2010.

- The District had $14,347,140 and $14,398,967 in expenses for fiscal years 2011 and 2010; only $3,485,222 for 2011 and $3,787,259 for 2010 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $11,538,275 for 2011 and $10,784,720 for 2010 were adequate to provide for these programs.

- Among major funds, the General Fund had $9,708,704 in revenues and $9,642,538 in expenditures for 2011, and $9,569,281 in revenues and $9,730,961 in expenditures in 2010. The General Fund's fund balance increased by $85,260, including a prior period adjustment of ($2,483), from 2010 to 2011, and decreased by $338,202, including a prior period adjustment of ($194,491), from 2009 to 2010.

- Capital assets, net of accumulated depreciation, increased by $168,837 for 2011 and increased by $658,144 for 2010. The increase for 2011 was due primarily to work performed on construction contracts and improvements other than buildings.

- Long-term debt, including the liability for compensated absences, decreased by $370,360 for 2011 and increased by $1,654,928 for 2010. This decrease for 2011 was due primarily to the payment of $359,032 of principal payments on long-term debt. The liability for compensated absences decreased by $11,328 for 2011 and increased by $16,305 for 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

The Statement of Activities presents information showing how the District's net 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 periods.

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

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Assets, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

Notes to the financial statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules as required supplemental information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

Supplemental Information

Additionally, a Schedule of Expenditures of Federal Awards as required by OMB Circular A-133 and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets

Net assets may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by $13,968,162 as of June 30, 2011.

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.

Table 1 presents a summary of the District's net assets at June 30, 2011 and June 30, 2010.

Table 1
Condensed Statement of Net Assets

	June 30, 2011	June 30, 2010	Percentage Change
Current assets	$ 7,651,194	$ 6,881,167	11.19 %
Restricted assets	1,785,502	2,466,165	-27.60 %
Capital assets, net	8,274,981	8,106,144	2.08 %
Total assets	**17,711,677**	**17,453,476**	**1.48 %**
Current liabilities	68,399	114,304	-40.16 %
Long-term debt outstanding	3,675,116	4,045,476	-9.15 %
Total liabilities	**3,743,515**	**4,159,780**	**-10.01 %**
Net assets:			
Invested in capital assets, net of related debt	4,930,337	4,321,144	14.10 %
Restricted	7,775,719	3,566,586	118.02 %
Unrestricted	1,262,106	5,405,966	-76.65 %
Total net assets	**$ 13,968,162**	**$ 13,293,696**	**5.07 %**

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

- Increase in current assets in the amount of $770,027, caused primarily by an increase in cash from expendable earnings on 16th section lands.
- The principal retirement of $359,032 of long-term debt.
- The net increase in capital assets of $168,837.

Changes in net assets

The District's total revenues for the fiscal years ended June 30, 2011 and June 30, 2010 were $15,023,497 and $14,571,979, respectively. The total cost of all programs and services was $14,347,140 for 2011and $14,398,967 for 2010.

Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

Table 2
Changes in Net Assets

	Year Ended June 30, 2011	Year Ended June 30 ,2010	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 301,155	$ 325,870	(7.58) %
Operating grants and contributions	3,184,067	3,461,389	(8.01) %
General revenues:			
Property taxes	4,037,243	3,576,110	12.89 %
Grants and contributions not restricted	6,804,367	6,728,324	1.13 %
Investment earnings	14,016	74,239	(81.12) %
Sixteenth section sources	645,555	399,023	61.78 %
Other	37,094	7,024	428.10 %
Total revenues	15,023,497	14,571,979	3.10 %
Expenses:			
Instruction	7,406,701	7,514,068	(1.43) %
Support services	5,910,730	5,818,944	1.58 %
Non-instructional	899,651	878,318	2.43 %
Sixteenth section	62,152	19,623	216.73 %
Interest on long-term liabilities	67,906	168,014	(59.58) %
Total expenses	14,347,140	14,398,967	(0.36) %
Increase (decrease) in net assets	676,357	173,012	290.93 %
Net assets, July 1, as originally reported	13,293,696	13,331,022	(0.28) %
Prior Period Adjustment	(1,891)	(210,338)	(99.10) %
Net assets, July 1, as restated	13,291,805	13,120,684	1.30 %
Net assets, June 30	$ 13,968,162	$ 13,293,696	5.07 %

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2011	2010	Change
Instruction	$ 7,406,701	$ 7,514,068	(1.43) %
Support services	5,910,730	5,818,944	1.58 %
Non-instructional	899,651	878,318	2.43 %
Sixteenth section	62,152	19,623	216.73 %
Interest on long-term liabilities	67,906	168,014	(59.58) %
Total expenses	**$ 14,347,140**	**$ 14,398,967**	**(0.36) %**

	Net (Expense) Revenue		Percentage
	2011	2010	Change
Instruction	$ (6,019,083)	$ (5,920,524)	1.66 %
Support services	(4,884,681)	(4,696,905)	4.00 %
Non-instructional	111,730	193,358	(42.22) %
Sixteenth section	(62,152)	(19,623)	216.73 %
Interest on long-term liabilities	(7,732)	(168,014)	(95.40) %
Total net (expense) revenue	**$ (10,861,918)**	**$ (10,611,708)**	**2.36 %**

- Net cost of governmental activities [($10,861,918) for 2011 and ($10,611,708) for 2010] was financed by general revenue, which is primarily made up of property taxes ($4,037,243 for 2011 and $3,576,110 for 2010) and state and federal revenues ($6,804,367 for 2011 and $6,728,324 for 2010). In addition, there was $645,555 and $399,023 in Sixteenth Section sources for 2011 and 2010, respectively.

- Investment earnings amounted to $14,016 for 2011 and $74,329 for 2010.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of $9,407,260, an increase of $95,431, which includes a prior period adjustment of ($1,891) and an increase in inventory of $8,029. $1,121,982 or 12% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of $8,285,278 or 88% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was $85,260, including a prior period adjustment of ($2,483). The fund balance of Other Governmental Funds showed a decrease in the amount of ($640,893), which includes a prior period adjustment of $592 and an increase in reserve for inventory of $8,029. This decrease in fund balance in Other Governmental Funds is due primarily to the spending of fund balance amounts restricted for debt service payments on three mill notes existing at July 1, 2010. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund		Increase (Decrease)
Building/Bus Fund	$	71,745
16th Section Interest Fund		570,219
Local Building Project Fund		5,447
16th Section Principal Fund	$	3,653

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2011, the District's total capital assets were $13,862,433, including land, construction in progress, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and leased property under capital lease. This amount represents an increase of $340,484 from 2010. Total accumulated depreciation as of June 30, 2011, was $5,587,452 and total depreciation expense for the year was $383,347, resulting in total net capital assets of $8,274,981.

Table 4
Capital Assets, Net of Accumulated Depreciation

		June 30, 2011		June 30, 2010	Percentage Change
Land	$	161,710	$	161,710	0.00 %
Construction in Progress		-		647,694	(100.00) %
Buildings		5,826,044		4,903,519	18.81 %
Building improvements		1,235,048		1,295,074	(4.63) %
Improvements other than buildings		265,259		199,975	32.65 %
Mobile equipment		716,008		842,873	(15.05) %
Furniture and equipment		70,912		55,299	28.23 %
Total	**$**	**8,274,981**	**$**	**8,106,144**	**2.08 %**

Additional information on the District's capital assets can be found in Note 5 included in this report.

Debt Administration. At June 30, 2011, the District had $3,675,116 in outstanding long-term debt, of which $275,000 is due within one year. The liability for compensated absences decreased $11,328 from the prior year. The district made principal payments on long-term debt of $359,032.

Table 5
Outstanding Long-Term Debt

	June 30, 2011	June 30, 2010	Percentage Change
Limited obligation bonds payable	1,590,000	1,785,000	(10.92) %
Three mill notes payable	320,000	325,000	(1.54) %
Shortfall notes payable	-	159,032	(100.00) %
Qualified school construction bonds	1,675,000	1,675,000	0.00 %
Compensated absences payable	90,116	101,444	(11.17) %
Total	**$ 3,675,116**	**$ 4,045,476**	**(9.15) %**

Additional information on the District's long-term debt can be found in Note 6 included in this report.

CURRENT ISSUES

The West Jasper Public School District is financially stable. The District is proud of its community support of the public schools.

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

The District is proud of its community support of the public schools and is enjoying a steady enrollment and continued academic progress of its students.

Enrollment for the 2010-2011 year decreased by 3% to 1554 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the West Jasper Public School District, 510 Highway 18, Bay Springs, Mississippi 39422.

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WEST JASPER SCHOOL DISTRICT

Statement of Net Assets **Exhibit A**

June 30, 2011

		Governmental Activities
Assets		
Cash and cash equivalents	$	7,438,773
Due from other governments		194,726
Inventories		17,695
Restricted assets		1,785,502
Capital assets, net of accumulated depreciation		8,274,981
Total Assets		17,711,677
Liabilities		
Accounts payable and accrued liabilities		29,436
Interest payable on long-term liabilities		38,963
Long-term liabilities, due within one year:		
Capital related liabilities		275,000
Long-term liabilities, due beyond one year:		
Capital related liabilities		3,310,000
Non-capital related liabilities		90,116
Total Liabilities		3,743,515
Net Assets		
Invested in capital assets, net of related debt		4,930,337
Restricted for:		
Expendable:		
School-based activities		5,396,738
Debt service		477,815
Capital improvements		125,420
Forestry improvement		56,845
Unemployment benefits		8,049
Non-expendable:		
Sixteenth section		1,710,852
Unrestricted		1,262,106
Total Net Assets	$	13,968,162

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

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WEST JASPER SCHOOL DISTRICT

Statement of Activities **Exhibit B**

For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities:					
Instruction	$ 7,406,701	105,850	1,281,768		(6,019,083)
Support services	5,910,730		1,026,049		(4,884,681)
Non-instructional	899,651	195,305	816,076		111,730
Sixteenth section	62,152				(62,152)
Interest on long-term liabilities	67,906		60,174		(7,732)
Total Governmental Activities	$ 14,347,140	301,155	3,184,067	0	(10,861,918)
General Revenues:					
Taxes:					
General purpose levies					3,775,156
Debt purpose levies					262,087
Unrestricted grants and contributions:					
State					6,303,718
Federal					500,649
Unrestricted investment earnings					14,016
Sixteenth section sources					645,555
Other					37,094
Total General Revenues					11,538,275
Change in Net Assets					676,357
Net Assets - Beginning, as originally reported					13,293,696
Prior Period Adjustments					(1,891)
Net Assets - Beginning, as restated					13,291,805
Net Assets - Ending					$ 13,968,162

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

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WEST JASPER SCHOOL DISTRICT

Governmental Funds

Balance Sheet **Exhibit C**

June 30, 2011

	Major Funds						
	General Fund	Building/ Bus Fund	16th Section Interest Fund	Local Building Project Fund	16th Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 1,562,576		3,172,836	1,910,969	1,305,206	792,392	8,743,979
Cash with fiscal agents						105,000	105,000
Investments						237,070	237,070
Due from other governments	123,106	5,011				204,835	332,952
Due from other funds	59,697						59,697
Advances to other funds					405,646		405,646
Inventories						17,695	17,695
Total assets	1,745,379	5,011	3,172,836	1,910,969	1,710,852	1,356,992	9,902,039
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	150		29,286				29,436
Due to other funds						59,697	59,697
Advances from other funds	267,587	138,059					405,646
Total Liabilities	267,737	138,059	29,286	0	0	59,697	494,779
Fund Balances:							
Nonspendable:							
Inventory						17,695	17,695
Permanent fund principal					1,710,852		1,710,852
Restricted:							
Debt service						516,778	516,778
Capital projects	125,420					240,356	365,776
Forestry services						56,845	56,845
Unemployment benefits						8,049	8,049
Grant activities		5,011				457,572	462,583
Other activiites			3,143,550				3,143,550
Committed:							
Capital projects				1,910,969			1,910,969
Assigned	92,181						92,181
Unassigned	1,260,041	(138,059)					1,121,982
Total Fund Balances	1,477,642	(133,048)	3,143,550	1,910,969	1,710,852	1,297,295	9,407,260
Total Liabilities and Fund Balances	$ 1,745,379	5,011	3,172,836	1,910,969	1,710,852	1,356,992	9,902,039

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

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WEST JASPER SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets **Exhibit C-1**

June 30, 2011

Total fund balances for governmental funds			$ 9,407,260
Amounts reported for governmental activities in the statement of net assets are different because:			
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:			
Land	$	161,710	
Buildings		9,091,746	
Building improvements		1,700,215	
Improvements other than buildings		352,564	
Mobile equipment		2,126,490	
Furniture and equipment		429,708	
Accumulated depreciation		(5,587,452)	8,274,981
2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:			
Limited obligation bonds		(1,590,000)	
Three mill notes payable		(320,000)	
Qualified school construction bonds		(1,675,000)	
Compensated absences payable		(90,116)	
Accrued interest payable	$	(38,963)	(3,714,079)
Net assets of governmental activities			$ 13,968,162

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

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WEST JASPER SCHOOL DISTRICT

Governmental Funds

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

For the Year Ended June 30, 2011

	Major Funds						
	General Fund	Building/ Bus Fund	16th Section Local Interest Fund	Building Project Fund	16th Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Local sources	$ 3,691,164			5,447		686,292	4,382,903
State sources	5,855,919	60,174				800,333	6,716,426
Federal sources	161,621					3,110,389	3,272,010
Sixteenth section sources			558,331		30,026	57,196	645,553
Total Revenues	9,708,704	60,174	558,331	5,447	30,026	4,654,210	15,016,892
Expenditures:							
Instruction	5,504,883					1,913,802	7,418,685
Support services	4,124,318					1,482,552	5,606,870
Noninstructional services						933,929	933,929
Sixteenth section			13,308			48,844	62,152
Facilities acquisition and construction						443,802	443,802
Debt service:							
Principal						359,032	359,032
Interest	13,337	8,344				86,063	107,744
Other						1,000	1,000
Total Expenditures	9,642,538	8,344	13,308	0	0	5,269,024	14,933,214
Excess (Deficiency) of Revenues over (under) Expenditures	66,166	51,830	545,023	5,447	30,026	(614,814)	83,678
Other Financing Sources (Uses):							
Sale of equipment	4,185						4,185
Insurance loss recoveries	3,625						3,625
Payment received escrow agent						105,000	105,000
Operating transfers in	92,709	18,738	25,196			134,984	271,627
Other financing sources	320					125	445
Payment to Qualified Zone Academy debt escrow agent						(105,000)	(105,000)
Operating transfers out	(76,622)				(25,196)	(169,809)	(271,627)
Other financing uses	(2,640)						(2,640)
Total Other Financing Sources (Uses)	21,577	18,738	25,196	0	(25,196)	(34,700)	5,615
Net Change in Fund Balances	87,743	70,568	570,219	5,447	4,830	(649,514)	89,293
Fund Balances:							
July 1, 2010, as originally reported	1,392,382	(204,793)	2,573,331	1,905,522	1,707,199	1,938,188	9,311,829
Prior period adjustments	(2,483)	1,177			(1,177)	592	(1,891)
July 1, 2010, as restated	1,389,899	(203,616)	2,573,331	1,905,522	1,706,022	1,938,780	9,309,938
Increase (Decrease) in reserve for inventory						8,029	8,029
June 30, 2011	$ 1,477,642	(133,048)	3,143,550	1,910,969	1,710,852	1,297,295	9,407,260

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

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WEST JASPER SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2011

Exhibit D-1

Net change in fund balances - total governmental funds			$ 89,293
Amounts reported for governmental activities in the statement of activities are different because:			
1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:			
Capital outlay	$ 563,779		
Depreciation expense	(383,347)		180,432
2. In the statement of activities, only the gain/loss on the sale of assets is reported. While in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold.			(11,595)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:			
Payment received-QZAB escrow agent		(105,000)	
Payments of debt principal		359,032	
Payment made-QZAB escrow agent		105,000	
Accrued interest payable		39,838	398,870
4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:			
Change in compensated absences	$ 11,328		
Change in inventory reserve		8,029	19,357
Change in net assets of governmental activities			$ 676,357

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

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WEST JASPER SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities **Exhibit E**

June 30, 2011

	Agency Funds
Assets	
Cash and cash equivalents	$ 642,395
Total Assets	642,395
Liabilities	
Accrued payroll/salary benefits payable	583,824
Due to student clubs	58,571
Total Liabilities	$ 642,395

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

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Note 1 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

In February 2009, the GASB issued GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions.* This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

B. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the School District is considered a "primary government." The School District is governed by a five-member board to which each member is elected by the citizens of each defined county district.

For financial reporting purposes. West Jasper Public 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.

C. Government-wide and Fund Financial Statements

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

The Statement of Net Assets presents the District's non-fiduciary 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 of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

2. Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

3. Unrestricted net assets consist of net assets not meeting the 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, are offset by program revenues. Direct expenses are those clearly identifiable with a specific

function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

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

The School District reports the following major governmental funds:

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

Buildings/Bus Fund – This is a special revenue fund that accounts for the state educational enhancement funds restricted for building improvements and/or transportation equipment purchases.

16th Section Interest Fund – This is a special revenue fund that accounts for the expendable revenues associated with 16th Section lands.

Local Building Project Fund – This is a capital projects fund that accounts for construction projects funded by commitments of local resources.

16th Section Principal Fund – This is a permanent fund that accounts for the non-expendable revenues associated with earnings on sixteenth section lands and the investment earnings of these non-expendable revenues.

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

The District's fiduciary funds include the following:

Payroll Clearing Fund – This is a clearing fund used to clear payroll transactions flowing into an imprest clearing account.

Accounts Payable Clearing Fund – This is a clearing fund used to clear accounts payable transactions flowing into an imprest clearing account.

Student Club Funds – The District has student club funds that account for the assets and liabilities associated with student club activities.

Additionally, the School District reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

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

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

Ad valorem property taxes are levied by the governing authority of the county on behalf of the School District based upon an order adopted by the School Board of the School District requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the School 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 inter-fund activity has been eliminated from the government-wide statements.

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

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting,* issued in 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 or assignments resulting from approved purchase orders, work orders and contracts. However, the School District attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported within committed or assigned fund balances.

F. Assets, liabilities, and net assets/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds"

(i.e., the current portion of inter-fund loans) or "advances to/from other funds"(i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net 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 table below.

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

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

The following schedule details the capitalization thresholds:

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

(*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 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 a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

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

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

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 Balances

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is the official approval of the commitment spread upon the School Board's minutes.

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

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

may be necessary to report a negative unassigned fund balance.

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

Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the School Board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer ; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of $100 or more of any fund must be credited to that fund. Investment income of less than $100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the School District's deposits with financial institutions reported in the governmental funds and fiduciary funds was $8,743,979 and $642,395, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2011, none of the District's bank balance of $10,358,224 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of School District's cash with fiscal agents held by financial institutions was $105,000.

Investments

As of June 30, 2011, the District had the following investments.

Investment Type	Rating	Maturities in Years	Fair Value
Hancock Bank Federal U.S. Treasury Cash Reserve Money Market Funds	AAAm	Less than 1	$ 237,070
Total			$ 237,070

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

Credit Risk. State law limits investments to those prescribed in Section 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 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. The investments in the Hancock Bank Federal U. S. Treasury Cash Reserve Money Market Funds are uninsured and unregistered and are not backed by the full faith and credit of the federal government.

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	$ 59,697
Total		$ 59,697

The amounts due to the General Fund from the Title I Fund and other governmental funds represent interfund loans required to clear negative cash balances in a pooled checking account.

B. Advances To/From Other Funds

Receivable Fund	Payable Fund		Amount
16th Section Principal Fund	General Fund	$	267,587
	Building/Bus Fund		138,059
Total		$	405,646

The advances to/from other funds are also referred to as Sixteenth section principal loans payable

Note: The sixteenth section principal loans payable are not reflected on the Statement of Net Assets because these funds were borrowed by the General Fund and Building/Bus Fund from the 16th Section Principal fund (Permanent Fund) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with those transactions are reflected on Exhibit D.

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

Year Ending June 30		Principal	Interest	Total
2012	$	121,744	16,329	138,073
2013		126,664	11,409	138,073
2014		57,883	6,289	64,172
2015		41,257	3,974	45,231
2016		28,479	2,324	30,803
2017		29,619	1,185	30,804
Total	$	405,646	41,510	447,156

The School District has pledged future state Educational Enhancement revenues from the EEF Building and Bus Fund to repay $1,000,000 in advances from the 16th Section Principal Fund (permanent fund) advanced on April 5, 1993. Proceeds from the advance were used to construct a new cafeteria on the Bay Springs High School campus. The advance is payable through March 15, 2013. State law requires that this type of advance carry an interest rate of no less than 4% annually.

Annual principal and interest payments on the advance are expected to require more than 100% of the pledged state revenues, with the balance being paid from the General Fund. The total principal and interest remaining to be paid on the advance is $147,801. Principal and interest for the current year and total state educational enhancement revenues from the Building/Bus Fund were $73,901 and $60,174, respectively.

The remaining advances are being paid by the General Fund and have no revenue streams pledged as repayment. The total principal and interest remaining to be paid on the advances is $299,355.

C. Inter-fund Transfers

Transfers Out	Transfers In		Amount
General Fund	Building/Bus Fund	$	18,738
	Other governmental funds		57,884
16th Section Principal Fund	16th Section Interest Fund		25,196
Other governmental funds	General Fund		92,709
	Other governmental funds		77,100
Total		$	271,627

Transfers from the General Fund to the other governmental funds were made for operating purposes, while the transfer of $25,196 was made from the 16th Section Principal Fund to the 16th Section Interest Fund upon formal order of the School Board. Transfers from other governmental funds to the General Fund represent transfers of indirect costs from federal award programs.

Note 4 – Restricted Assets

The restricted assets represent the cash balance ($1,305,206) of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the District's programs; the investment balance ($237,070) and the amounts due from other governments ($138,226) of the MAEP Debt Service Fund, which are legally restricted and may not be used for purposes that support the District's programs; and the cash with fiscal agents ($105,000) of the QSCB Note Payment Fund, which is also restricted and not available to support the programs of the district. Total restricted assets are $1,785,502.

Note 5 – Capital Assets

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

	Balance 7/1/2010	Increases	Decreases	Completed Construction	Balance 6/30/2011
Governmental Activities:					
Non-depreciable capital assets:					
Land	$ 161,710				161,710
Construction in progress	647,694	443,802		(1,091,496)	-
Total non-depreciable capital assets	809,404	443,802		(1,091,496)	161,710
Depreciable capital assets:					
Buildings	8,000,250			1,091,496	9,091,746
Building improvements	1,700,215				1,700,215
Improvements other than buildings	272,375	80,189			352,564
Mobile equipment	2,220,898		(94,408)		2,126,490
Furniture and equipment	518,807	39,788	(128,887)		429,708
Total depreciable capital assets	12,712,545	119,977	(223,295)	1,091,496	13,700,723
Less accumulated depreciation for:					
Buildings	3,096,731	168,971			3,265,702
Building improvements	405,141	60,026			465,167
Improvements other than buildings	72,400	14,905			87,305
Mobile equipment	1,378,025	117,425	84,968		1,410,482
Furniture and equipment	463,508	22,020	126,732		358,796
Total accumulated depreciation	5,415,805	383,347	211,700	-	5,587,452
Total depreciable capital assets, net	7,296,740	(263,370)	(11,595)	1,091,496	8,113,271
Governmental activities capital assets, net	$ 8,106,144	180,432	(11,595)	-	8,274,981

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 2,534
Support services	372,800
Non-instructional	8,013
Total depreciation expense - Governmental activities	$ 383,347

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

Note 6 – Long-term Liabilities

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

		Balance 7/1/2010	Additions	Reductions	Balance 6/30/2011	Amounts due within one year
A.	Limited obligation refunding bonds payable	$ 1,785,000		195,000	1,590,000	200,000
B.	Three mill notes payable	325,000		5,000	320,000	75,000
C.	Shortfall notes payable	159,032		159,032	-	-
D.	Qualified school construction bonds	1,675,000			1,675,000	-
E.	Compensated absences payable	101,444		11,328	90,116	-
	Total	$ 4,045,476	-	370,360	3,675,116	275,000

A. State Aid capital improvement Refunding series 2007

Limited obligation bonds are direct obligations and pledge the full faith and credit of the School District.

Limited obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State Aid capital improvement, Refunding Series 2007	4.00%	12/20/2007	1/1/2018	$ 2,145,000	$ 1,590,000
Total				$ 2,145,000	$ 1,590,000

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

Refunding Limited obligation bond issue of December 20, 2007:

Year Ending June 30	Principal	Interest	Total
2012	$ 200,000	63,600	263,600
2013	210,000	55,600	265,600
2014	220,000	47,200	267,200
2015	225,000	38,400	263,400
2016	235,000	29,400	264,400
2017-2018	500,000	30,200	530,200
Total	$ 1,590,000	264,400	1,854,400

This debt will be retired from the MAEP Debt Retirement 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.

The School District has pledged a portion of future state Minimum Adequate Education Program revenues

to repay $2,145,000 in limited obligation bonds payable issued. Proceeds from the bonds were used to finance capital improvements made to the District's buildings. The bonds are payable solely from future revenues of the state Minimum Adequate Education Program and are payable through January 1, 2018. Annual principal and interest payments on the bonds are expected to require approximately four (4) percent of such state revenues. The total principal and interest remaining to be paid on the bonds is $1,854,400. Principal and interest paid for the current year and total state Minimum Adequate Education Program revenues were $266,400 and $6,151,506, respectively.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Notes, Series 2009	2.625%	9/1/2009	9/1/2014	$ 325,000	$ 320,000
Total				$ 325,000	$ 320,000

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

Three mill notes payable issue of September 1, 2009:

Year Ending June 30	Principal	Interest	Total
2012	$ 75,000	8,516	83,516
2013	75,000	6,538	81,538
2014	80,000	4,523	84,523
2015	90,000	2,394	92,394
Total	$ 320,000	21,971	341,971

The debt will be retired from the Three Mill Debt Service Fund.

C. Qualified school construction bonds payable

As more fully explained in Note 13, debt has been issued by the School District that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bonds, series 2009	0.000%	11/17/2009	9/15/2023	$ 1,675,000	$ 1,675,000
Total				$ 1,675,000	$ 1,675,000

D. 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.

Note 7 – Defined Benefit Pension Plan

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

Funding Policy. PERS members are required to contribute 9.00% 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, 2011 was 12.00% 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, 2011, 2010 and 2009 were $971,165, $952,517 and $930,474, respectively, which equaled the required contributions for each year.

Note 8 – Sixteenth Section Lands

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

Year Ending June 30		Amount
2012	$	67,766
2013		66,832
2014		66,930
2015		52,257
2016		28,795
2017 – 2021		84,390
2022 – 2026		46,197
2027 – 2031		28,933
2032 – 2036		4,664
Total	$	446,764

Note 9 – Deficit Fund Balance of Individual Funds

The Building/Bus Fund has a deficit fund balance of ($133,048). This deficit fund balance was caused by the advance from the 16th Section Principal Fund (permanent fund). State law specifically allows for such advances, which are referred to as 16th Section Principal Loans. The annual payment on the outstanding advance will be made with future state Educational Enhancement fund revenues that were pledged for such purpose.

Note 10 – Prior Period Adjustments

A summary of significant fund balance adjustments is as follows:

Exhibit B - Statement of Activities

Explanation		Amount
An error in recording a prior period asset or liability	$	(1,891)
Total	$	(1,891)

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

Fund	Explanation		Amount
Major Funds:			
General Fund	An error in recording a prior year asset or liability	$	(2,483)
Building/Bus Fund	An error in recording a prior year asset or liability		1,177
16th Section Principal Fund	An error in recording a prior year asset or liability		(1,177)
Other governmental funds	An error in recording a prior year asset or liability		592
Total		$	(1,891)

Note 11 – Contingencies

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

Litigation – The School District is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the School District with respect to the various proceedings. However, the School District's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the School District.

Note 12 – 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.

Note 13 – Qualified School Construction Bonds

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or minimal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs or to borrow at minimal rates.

The School District makes equal annual payments into a sinking fund which is used to retire the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U.S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2011 was $105,000. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits for the two bond series to be made to the sinking fund by the School District.

Year Ending June 30	Amount	
2012	$	121,000
2013		121,000
2014		121,000
2015		121,000
2016		121,000
2017-2021		605,000
2022-2026		360,000
Total	$	1,570,000

Note 14- Vocational School Consortium

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

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

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

The following Statement of Revenues, Expenditures and Changes in Fund Balances is presented to detail the financial activity of the Jasper Count Regional Vocational Education Center.

Statement of Revenues, Expenditures and Changes in Fund Balances
Vocational Fund
For the Year Ended June 30, 2011

Revenues		
Local sources:		
Ad valorem tax from within the county	$	225,000
Other local sources		480
Total local sources		225,480
State sources		443,944
Federal sources		30,764
Total Revenues		700,188
Expenditures		
Salaries		489,502
Employee benefits		144,811
Purchased professional and technical services		47,082
Other purchased services		12,619
Supplies		37,947
Property		11,191
Total Expenditures		743,152
Net Change in Fund Balance		(42,964)
Fund Balance:		
July 1, 2010		120,212
June 30, 2011	$	77,248

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REQUIRED SUPPLEMENTAL INFORMATION

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WEST JASPER SCHOOL DISTRICT

Required Supplemental Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 3,641,011	3,759,995	3,691,164	118,984	(68,831)
State sources	6,115,203	5,855,919	5,855,919	(259,284)	0
Federal sources	113,671	161,621	161,621	47,950	0
Total Revenues	9,869,885	9,777,535	9,708,704	(92,350)	(68,831)
Expenditures:					
Instruction	5,670,975	5,495,793	5,504,883	175,182	(9,090)
Support services	4,373,980	4,123,957	4,124,318	250,023	(361)
Debt service:					
Interest	13,337	13,337	13,337	0	0
Total Expenditures	10,058,292	9,633,087	9,642,538	425,205	(9,451)
Excess (Deficiency) of Revenues over (under) Expenditures	(188,407)	144,448	66,166	332,855	(78,282)
Other Financing Sources (Uses):					
Sale of transportation equipment	0	4,185	4,185	4,185	0
Insurance recovery	0	3,625	3,625	3,625	0
Other financing sources	0	320	320	320	0
Operating transfers in	206,772	1,179,075	92,709	972,303	(1,086,366)
Operating transfers out	(285,628)	(1,166,905)	(76,622)	(881,277)	1,090,283
Other financing uses	0	(2,640)	(2,640)	(2,640)	0
Total Other Financing Sources (Uses)	(78,856)	17,660	21,577	96,516	3,917
Net Change in Fund Balances	(267,263)	162,108	87,743	429,371	(74,365)
Fund Balances:					
July 1, 2010, as originally reported	1,484,163	1,543,188	1,392,382	59,025	(150,806)
Prior period adjustments			(2,483)	0	(2,483)
July 1, 2010, as restated	1,484,163	1,543,188	1,389,899	59,025	(153,289)
June 30, 2011	$ 1,216,900	1,705,296	1,477,642	488,396	(227,654)

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

WEST JASPER SCHOOL DISTRICT

Required Supplemental Information

Budgetary Comparison Schedule
Building/Bus Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
State sources	$ 60,174	60,174	60,174	0	0
Total Revenues	60,174	60,174	60,174	0	0
Expenditures:					
Debt service:					
Interest	73,901	8,344	8,344	65,557	0
Total Expenditures	73,901	8,344	8,344	65,557	0
Excess (Deficiency) of Revenues over (under) Expenditures	(13,727)	51,830	51,830	65,557	0
Other Financing Sources (Uses):					
Operating transfers in	13,727	18,738	18,738	5,011	0
Total Other Financing Sources (Uses)	13,727	18,738	18,738	5,011	0
Net Change in Fund Balances	0	70,568	70,568	70,568	0
Fund Balances:					
July 1, 2010, as originally reported	(204,793)	(204,793)	(204,793)	0	
Prior period adjustments			1,177		1,177
July 1, 2010, as restated	(204,793)	(204,793)	(203,616)		1,177
June 30, 2011	$ (204,793)	(134,225)	(133,048)	70,568	1,177

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

Budgetary Comparison Schedule
16th Section Interest Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Sixteenth section purposes	$ 173,168	558,331	558,331	385,163	0
Total Revenues	173,168	558,331	558,331	385,163	0
Expenditures:					
Sixteenth section	6,000	13,308	13,308	(7,308)	0
Total Expenditures	6,000	13,308	13,308	(7,308)	0
Excess (Deficiency) of Revenues over (under) Expenditures	167,168	545,023	545,023	377,855	0
Other Financing Sources (Uses):					
Operating transfers in	43,272	25,196	25,196	(18,076)	0
Total Other Financing Sources (Uses)	43,272	25,196	25,196	(18,076)	0
Net change in Fund Balances	210,440	570,219	570,219	359,779	
Fund Balances:					
July 1, 2010	2,573,331	2,573,331	2,573,331	0	0
June 30, 2011	$ 2,783,771	3,143,550	3,143,550	359,779	0

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

SUPPLEMENTAL INFORMATION

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WEST JASPER SCHOOL DISTRICT

Supplemental Information

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
U.S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	$ 261,386
National school lunch program	10.555	784,156
Total child nutrition cluster		1,045,542
Child Nutrition Discretionary Grants Limited Availability	10.579	38,002
Urban and Community Forestry Program	10.675	51,515
Total U.S. Department of Agriculture		1,135,059
U.S. Department of Defense		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	49,659
Total U.S. Department of Defense		49,659
Federal Communications Commission		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	60,447
Total Federal Communications Commission		60,447
U.S. Department of Education		
Passed-through Mississippi Department of Education:		
Career and technical education - basic grants to states	84.048	30,764
Safe and drug-free schools and communities - state grants	84.186	4,462
Education technology state grants	84.318	4,887
Rural education	84.358	82,300
Improving teacher quality - state grants	84.367	224,665
ARRA - Education technology state grants, Recovery Act	84.386	7,834
Subtotal		354,912
Title I cluster:		
Title I grants to local educational agencies	84.010	550,822
ARRA - Title I grants to local educational agencies, Recovery Act	84.389	120,678
Total Title I cluster		671,500
Special education cluster:		
Special education - grants to states	84.027	378,163
Special education - preschool grants	84.173	18,892
ARRA - Special education grants to states, Recovery Act	84.391	194,424
ARRA - Special education - preschool grants, Recovery Act	84.392	11,713
Total special education cluster		603,192
State Fiscal Stabilization Fund cluster:		
ARRA - State Fiscal Stabilization Fund - Education state grants, Recovery Act	84.394	388,687
Total State Fiscal Stabilization Fund cluster		388,687
ARRA - Education Jobs Fund	84.410	193,418
Total U.S. Department of Education		2,211,709
U.S. Department of Health and Human Services		
Passed-through the Mississippi Department of Education:		
Cooperative agreements to prevent the spread of HIV	93.938	6,000
Total U.S. Department of Health and Human Services		6,000
Total for All Federal Awards		$ 3,462,874

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 financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.

WEST JASPER SCHOOL DISTRICT

Supplemental Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2011

Expenditures		Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$	10,920,742	7,422,248	589,882	974,609	1,934,003
Other		4,012,472	964,541	188,131	91,739	2,768,061
Total	$	14,933,214	8,386,789	778,013	1,066,348	4,702,064
Total number of students *		1,554				
Cost per student	$	9,610	5,397	501	686	3,026

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

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

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

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

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

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

OTHER INFORMATION

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WEST JASPER SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years
UNAUDITED

	2011	2010*	2009*	2008*
Revenues:				
Local sources	$ 3,691,164	3,281,514	2,836,925	2,654,456
State sources	5,855,919	6,174,253	7,536,296	7,900,366
Federal sources	161,621	113,514	113,409	109,228
Total Revenues	9,708,704	9,569,281	10,486,630	10,664,050
Expenditures:				
Instruction	5,504,883	5,561,982	6,180,117	6,193,299
Support services	4,124,318	4,151,725	4,264,587	4,050,152
Noninstructional services			1,798	297
Sixteenth section			200	600
Facilities acquisition and construction		2,560		
Debt service:				
Principal				18,820
Interest	13,337	14,694	16,597	
Total Expenditures	9,642,538	9,730,961	10,463,299	10,263,168
Excess (Deficiency) of Revenues over (under) Expenditures	66,166	(161,680)	23,331	400,882
Other Financing Sources (Uses):				
Proceeds of loans			307,656	
Sale of equipment	4,185			
Insurance recovery	3,625	1,851	11,476	
Sale of other property		5,545	973	
Operating transfers in	92,709	70,762	148,830	69,099
Other financing sources	320			
Operating transfers out	(76,622)	(59,817)	(570,902)	(357,058)
Other financing uses	(2,640)	(372)	(1,597)	
Total Other Financing Sources (Uses)	21,577	17,969	(103,564)	(287,959)
Net Change in Fund Balances	87,743	(143,711)	(80,233)	112,923
Fund Balances:				
Beginning of period, as originally reported	1,392,382	1,730,584	1,503,161	1,390,238
Prior period adjustments	(2,483)	(194,491)	307,656	
Beginning of period, as restated	1,389,899	1,536,093	1,810,817	1,390,238
End of Period	$ 1,477,642	1,392,382	1,730,584	1,503,161

*SOURCE - PRIOR YEAR AUDIT REPORTS

WEST JASPER SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years
UNAUDITED

	2011	2010*	2009*	2008*
Revenues:				
Local sources	$ 4,382,903	3,976,218	3,437,301	3,152,829
State sources	6,716,426	7,049,379	8,197,004	8,595,877
Federal sources	3,272,010	3,140,335	2,061,124	2,001,041
Sixteenth section sources	645,553	399,023	496,534	116,721
Total Revenues	15,016,892	14,564,955	14,191,963	13,866,468
Expenditures:				
Instruction	7,418,685	7,474,273	7,260,443	7,224,409
Support services	5,606,870	5,862,468	5,419,252	5,202,671
Noninstructional services	933,929	861,102	872,012	853,100
Sixteenth section	62,152	19,623	60,325	17,997
Facilities acquisition and construction	443,802	647,694		
Debt service:				
Principal	359,032	401,552	386,552	268,000
Interest	107,744	127,544	141,694	161,367
Other	1,000	2,562		44,056
Total Expenditures	14,933,214	15,396,818	14,140,278	13,771,600
Excess (Deficiency) of Revenues over (under) Expenditures	83,678	(831,863)	51,685	94,868
Other Financing Sources (Uses):				
Sale of equipment	4,185			
Proceeds of loans		2,056,480	307,656	2,145,000
Insurance loss recoveries	3,625	1,851	11,476	24,057
Payment received escrow agent	105,000			
Sale of other property		5,545	973	
Other financing sources	445			284
Payment to Qualified Zone Academy debt escrow agent	(105,000)			
Operating transfers in	271,627	175,902	898,497	618,783
Operating transfers out	(271,627)	(175,902)	(898,497)	(618,783)
Payment to refunded bond escrow agent				(2,125,000)
Other financing uses	(2,640)	(372)	(1,602)	
Total Other Financing Sources (Uses)	5,615	2,063,504	318,503	44,341
Net Change in Fund Balances	89,293	1,231,641	370,188	139,209
Fund Balances:				
Beginning of period, as originally reported	9,311,829	8,298,158	7,614,912	7,476,529
Prior period adjustments	(1,891)	(210,338)	307,656	7,156
Beginning of period, as restated	9,309,938	8,087,820	7,922,568	7,483,685
Increase (Decrease) in reserve for inventory	8,029	(7,632)	5,402	(7,982)
End of Period	$ 9,407,260	9,311,829	8,298,158	7,614,912

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

To the School Board
West Jasper Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Jasper Public School District, as of and for the year ended June 30, 2011, which collectively comprise the West Jasper Public School District's basic financial statements and have issued our report thereon dated March 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the West Jasper Public School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered West Jasper Public School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Jasper Public School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Jasper Public School District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Jasper Public School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the entity, 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.

Suzanne E. Smith, CPA
March 16, 2012

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the School Board
West Jasper Public School District

Compliance

We have audited West Jasper Public School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of West Jasper Public School District's major federal programs for the year ended June 30, 2011. West Jasper Public School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of West Jasper Public School District's management. Our responsibility is to express an opinion on West Jasper Public School District's compliance based on our audit.

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

In our opinion, West Jasper Public School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as ***Finding 2011-01***.

Internal Control over Compliance

Management of West Jasper Public 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 our audit, we considered West Jasper Public School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Jasper Public School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as ***Finding 2011-01***. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The West Jasper Public School District's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. We did not audit the West Jasper Public School District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the School Board, others within the entity, 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.

Suzanne E. Smith, CPA
March 16, 2012

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

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

Superintendent and School Board
West Jasper Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Jasper Public School District as of and for the year ended June 30, 2011, which collectively comprise West Jasper Public School District's basic financial statements and have issued our report thereon dated March 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported $5,252 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 our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

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

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

Suzanne E. Smith, CPA
March 16, 2012

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I: Summary of Auditor's Results

Financial Statements:

1.	Type of auditor's report issued:	Unqualified
2.	Internal control over financial reporting:	
	a. Material weakness(es) identified? (Yes/No)	No
	b. Significant deficiency(ies) identified? (Yes/None reported)	None reported
3.	Noncompliance material to financial statements noted? (Yes/No)	No

Federal Awards:

4.	Internal control over major programs:	
	a. Material weakness(es) identified? (Yes/No)	No
	b. Significant deficiency(ies) identified? (Yes/None reported)	Yes
5.	Type of auditor's report issued on compliance for major programs:	Unqualified
6.	Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? (Yes/No)	No

7. Identification of major programs:

CFDA Number	Award
Child Nutrition Cluster:	
10.553	School breakfast program
10.555	National school lunch program
Title I Cluster:	
84.010	Title I grants to local educational agencies
84.389	Title I grants to local educational agencies, recovery act
Special Education Cluster:	
84.027	Special education – grants to states
84.173	Special education – preschool grants
84.391	Special education – grants to states, recovery act
84.392	Special education – preschool grants, recovery act
State Fiscal Stabilization Fund (SFSF) Cluster:	
84.394	State Fiscal Stabilization Fund – Education state grants, recovery act

8.	Dollar threshold used to distinguish between type A and type B programs:	$300,000
9.	Auditee qualified as low-risk auditee? (yes/no)	No

Section II: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported under *Government Auditing Standards.*

Section III: Federal Award Findings and Questioned Costs

Significant Deficiencies not Considered to be Material Weaknesses nor Material Noncompliance

Finding 2011-01: Time and Effort Reports Not Maintained. Title I grants to local educational agencies. 84.010

An employee who works on multiple activities or cost objectives must maintain time and effort distribution records in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.(4). (5), and (6). The employee must document the portion of time and effort dedicated to the federal program and to the other cost objective supported by other revenue sources. These records, or personnel activity reports, must meet the following standards:

a. They must reflect an after the fact distribution of the actual activity of each employee.
b. They must account for the total activity for which the employee is compensated.
c. They must be prepared at least monthly and must coincide with one or more pay periods; and
d. They must be signed by the employee.

Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) The district's system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made; and (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances. (Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent.)

Personnel working on more than one cost object who were paid with Title I award dollars did not all maintain actual monthly personnel activity reports of the time spent on each cost objective. There was no evidence documenting a quarterly review of monthly personnel activity reports or of revisions made to reflect actual time spent on federal programs for all employees.

Recommendation:

We recommend that all appropriate personnel who are paid in part from Title I grants to local educational agencies and who work on one or more cost objectives be required to maintain time records that meet the above standards. A responsible district official should review the records quarterly and make provisions for any revisions required to reflect actual time spent on federal award activities.

AUDITEE'S CORRECTIVE ACTION PLAN

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Warren E. Woodrow
Superintendent

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Fax: 601-764-4490

Bay Springs Elementary
Bay Springs Middle
Bay Springs High School
Stringer Attendance Center

West Jasper School District

Office of the Superintendent
Post Office Box 610
Bay Springs, Mississippi 39422

AUDITEE'S CORRECTIVE ACTION PLAN

Finding 2011-01: Time and Effort Reports Not Maintained. Title I grants to local educational agencies. 84.010

An employee who works on multiple activities or cost objectives must maintain time and effort distribution records in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.(4), (5), and (6). The employee must document the portion of time and effort dedicated to the federal program and to the other cost objective supported by other revenue sources. These records, or personnel activity reports, must meet the following standards:

a. They must reflect an after the fact distribution of the actual activity of each employee.
b. They must account for the total activity for which the employee is compensated.
c. They must be prepared at least monthly and must coincide with one or more pay periods; and
d. They must be signed by the employee.

Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) The district's system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made; and (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances. (Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent.)

Personnel working on more than one cost object who were paid with Title I award dollars did not all maintain actual monthly personnel activity reports of the time spent on each cost objective. There was no evidence documenting a quarterly review of monthly personnel activity reports or of revisions made to reflect actual time spent on federal programs for all employees.

Recommendation:

We recommend that all appropriate personnel who are paid in part from Title I grants to local educational agencies and who work on one or more cost objectives be required to maintain time records that meet the above standards. A responsible district official should review the records quarterly and make provisions for any revisions required to reflect actual time spent on federal award activities.

Corrective Action Planned:

All appropriate personnel paid in part from Title I grants and other federal funded grants will maintain time records that meet the above standards. A responsible district official will review the records quarterly and make provisions for any revisions required to reflect actual time spent on federal award activities.

Who will Implement the Corrective Action: Superintendent

When the Corrective Action will Begin: Immediately

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