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WEST TALLAHATCHIE SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2011

Charles L. Shivers, CPA
Ridgeland, MS

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TABLE OF CONTENTS

FINANCIAL AUDIT REPORT.....	1
Independent Auditor's Report.....	3
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	5
FINANCIAL STATEMENTS.....	13
Statement of Net Assets.....	15
Statement of Activities.....	16
Balance Sheet – Governmental Funds.....	17
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	20
Statement of Net Assets - Fiduciary Funds.....	21
Statement of Changes in Fiduciary Net Assets.....	22
Notes to the Financial Statements.....	23
REQUIRED SUPPLEMENTAL INFORMATION.....	39
Budgetary Comparison Schedule for the General Fund.....	41
Budgetary Comparison Schedule for the Major Special Revenue Fund - Title I Basic Fund.....	42
Budgetary Comparison Schedule for the Major Special Revenue Fund - 16 th Section Interest Fund.....	43
Notes to the Required Supplemental Information.....	44
SUPPLEMENTAL INFORMATION.....	45
Schedule of Expenditures of Federal Awards.....	47
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds	49
OTHER SUPPLEMENTAL INFORMATION.....	51
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years.....	53
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years.....	54
REPORTS ON INTERNAL CONTROLS AND COMPLIANCE.....	55
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 <i>Government Auditing Standards</i>	57
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	59
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	61
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	65
AUDITEE'S CORRECTIVE ACTION PLAN.....	71

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FINANCIAL AUDIT REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
West Tallahatchie School District

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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, I 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. I believe that my audit provides a reasonable basis for my opinions.

In my 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 Tallahatchie 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*, I have also issued my report dated October 15, 2012, on my consideration of the West Tallahatchie School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Tallahatchie 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 my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Tallahatchie 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, I do not express an opinion or provide any assurance on it.

Charles L. Shivers, CPA

Ridgeland, MS
October 15, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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WEST TALLAHATCHIE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

The following discussion and analysis of West Tallahatchie 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 \$992,585, including a prior period adjustment of \$4,769, which represents a 37% increase from fiscal year 2010. Total net assets for 2010 increased \$439,208, including a prior period adjustment of (\$3,497), which represents a 20% increase/decrease from fiscal year 2009.
- General revenues amounted to \$6,571,676 and \$6,185,287, or 64% and 63% 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 \$3,615,966, or 36% of total revenues for 2011, and \$3,571,286, or 37% of total revenues for 2010.
- The District had \$9,199,826 and \$9,313,868 in expenses for fiscal years 2011 and 2010; only \$3,615,966 for 2011 and \$3,571,286 for 2010 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$6,571,676 for 2011 and \$6,185,287 for 2010 were adequate to provide for these programs.
- Among major funds, the General Fund had \$6,089,615 in revenues and \$5,578,307 in expenditures for 2011, and \$6,105,474 in revenues and \$5,949,284 in expenditures in 2010. The General Fund's fund balance increased by \$755,379 from 2010 to 2011, and increased by \$220,679 from 2009 to 2010.
- Capital assets, net of accumulated depreciation, decreased by \$41,263 for 2011 and decreased by \$128,538 for 2010. The decrease for 2011 was due to the disposal of furniture and equipment coupled with the increase in accumulated depreciation.
- Long-term debt decreased by \$289,501 for 2011 and decreased by \$258,500 for 2010. This decrease for 2011 was due primarily to the payments on outstanding long-term debt. The liability for compensated absences decreased by \$24,847 for 2011 and increased by \$10,403 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 and other expenses on long-term liabilities.

Fund Financial Statements

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

Governmental funds – 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 to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

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 \$3,643,936 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	\$ 2,365,494	\$ 1,717,562	37.72 %
Restricted assets	327,490	206,198	58.82 %
Capital assets, net	3,711,714	3,752,977	-1.10 %
Total assets	6,404,698	5,676,737	12.82 %
Current liabilities	551,920	527,043	4.72 %
Long-term debt outstanding	2,208,842	2,498,343	-11.59 %
Total liabilities	2,760,762	3,025,386	-8.75 %
Net assets:			
Invested in capital assets, net of related debt	1,554,868	1,331,477	16.78 %
Restricted	955,551	461,711	106.96 %
Unrestricted	1,133,517	858,163	32.09 %
Total net assets	\$ 3,643,936	\$ 2,651,351	37.44 %

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

- Decrease in net capital assets in the amount of \$41,263.
- The principal retirement of \$264,654 of long-term debt.

Changes in net assets

The District's total revenues for the fiscal years ended June 30, 2011 and June 30, 2010 were \$10,187,642 and \$9,756,573, respectively. The total cost of all programs and services was \$9,199,826 for 2011 and \$9,313,868 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

	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 494,928	\$ 615,766	(19.62) %
Operating grants and contributions	3,121,038	2,955,520	5.60 %
General revenues:			
Property taxes	2,080,403	1,902,179	9.37 %
Grants and contributions not restricted	4,106,427	3,965,112	3.56 %
Investment earnings	4,648	3,708	25.35 %
Sixteenth section sources	297,483	314,288	(5.35) %
Other	82,715	0	N/A
Total revenues	10,187,642	9,756,573	4.42 %
Expenses:			
Instruction	4,749,753	4,810,820	(1.27) %
Support services	3,513,229	3,627,013	(3.14) %
Non-instructional	851,967	772,194	10.33 %
Sixteenth section	589	8,190	(92.81) %
Interest and other expenses on long-term liabilities	84,288	95,651	(11.88) %
Total expenses	9,199,826	9,313,868	(1.22) %
Increase (Decrease) in net assets	987,816	442,705	123.13 %
Net Assets, July 1, as originally reported	2,651,351	2,212,143	19.85 %
Prior Period Adjustment	4,769	(3,497)	236.37 %
Net Assets, July 1, as restated	2,656,120	2,208,646	20.26 %
Net Assets, June 30	\$ 3,643,936	\$ 2,651,351	37.44 %

Governmental activities

The following table presents the cost of five major District functional activities: instruction, support services, non-instructional, sixteenth section and interest and other expenses on long-term 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

	<u>Total Expenses</u>		<u>Percentage</u> <u>Change</u>
	<u>2011</u>	<u>2010</u>	
Instruction	\$ 4,749,753	\$ 4,810,820	(1.27) %
Support services	3,513,229	3,627,013	(3.14) %
Non-instructional	851,967	772,194	10.33 %
Sixteenth section	589	8,190	(92.81) %
Interest and other expenses on long-term liabilities	84,288	95,651	(11.88) %
Total expenses	\$ 9,199,826	\$ 9,313,868	(1.22) %

	Net (Expense) Revenue		Percentage Change
	2011	2010	
Instruction	\$ (2,848,639)	\$ (3,148,784)	(9.53) %
Support services	(2,590,953)	(2,421,914)	6.98 %
Non-instructional	(59,391)	(68,043)	(12.72) %
Sixteenth section	(589)	(8,190)	(92.81) %
Interest and other expenses on long-term liabilities	(84,288)	(95,651)	(11.88) %
Total net (expense) revenue	\$ (5,583,860)	\$ (5,742,582)	(2.76) %

- Net cost of governmental activities (\$5,583,860 for 2011 and \$5,742,582 for 2010) was financed by general revenue, which is primarily made up of property taxes (\$2,080,403 for 2011 and \$1,902,179 for 2010) and state and federal revenues (\$4,106,427 for 2011 and \$3,965,112 for 2010). In addition, there was \$297,483 and \$314,288 in Sixteenth Section sources for 2011 and 2010, respectively.
- Investment earnings amounted to \$4,648 for 2011 and \$3,708 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 \$2,164,958, an increase of \$741,051, which includes an increase in inventory of \$1,919. \$1,120,095 or 52% 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 or assigned to specific purposes within the general fund. The remaining fund balance of \$1,044,863 or 48% is either nonspendable, restricted 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 \$755,379. The fund balance of Other Governmental Funds showed an increase in the amount of \$13,330, which includes an increase in reserve for inventory of \$1,919. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title I Basic Fund	\$ 0
16th Section Interest Fund	\$ (27,658)

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 \$6,487,975, including land, school buildings, building improvements, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$94,704 from 2010. Total accumulated depreciation as of June 30, 2011, was \$2,776,261, and total depreciation expense for the year was \$135,944, resulting in total net capital assets of \$3,711,714.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
Land	\$ 15,491	\$ 15,491	0.00 %
Buildings	3,214,343	3,291,056	(2.33) %
Building improvements	13,051	14,915	(12.50) %
Improvements other than buildings	216,348	227,166	(4.76) %
Mobile equipment	200,540	179,708	11.59 %
Furniture and equipment	51,941	24,641	110.79 %
Total	\$ 3,711,714	\$ 3,752,977	(1.10) %

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 \$2,208,842 in outstanding long-term debt, of which \$283,160 is due within one year. The liability for compensated absences decreased \$24,847 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
Limited obligation refunding bonds payable	1,293,000	1,461,500	(11.53) %
Certificates of participation payable	78,846	115,000	(31.44) %
Three mill notes payable	785,000	845,000	(7.10) %
Compensated absences payable	51,996	76,843	(32.33) %
Total	\$ 2,208,842	\$ 2,498,343	(11.59) %

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

CURRENT ISSUES

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the West Tallahatchie School District, P O Box 129, Webb, MS 38966.

FINANCIAL STATEMENTS

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West Tallahatchie School District
Statement of Net Assets
June 30, 2011

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 1,791,702
Due from other governments	537,067
Lease receivable	26,700
Other receivables, net	2,333
Inventories	7,692
Restricted assets (Note 4)	327,490
Non-depreciable capital assets (Note 5)	15,491
Depreciable capital assets, net (Note 5)	3,696,223
Total Assets	<u>6,404,698</u>
Liabilities	
Accounts payable and accrued liabilities	502,733
Unearned revenue	5,614
Interest payable on long-term liabilities	23,894
Other payables	19,679
Long-term liabilities (Due within one year) (Note 6)	
Capital related liabilities	279,000
Non-capital related liabilities	4,160
Long-term liabilities (Due beyond one year) (Note 6)	
Capital related liabilities	1,877,846
Non-capital related liabilities	47,836
Total Liabilities	<u>2,760,762</u>
Net assets	
Invested in capital assets, net of related debt	1,554,868
Restricted net assets	
Expendable	
School-based activities	678,635
Debt service	236,715
Forestry improvements	7,548
Unemployment benefits	6,231
Non-expendable	
Sixteenth section	26,422
Unrestricted	<u>1,133,517</u>
Total Net Assets	<u>\$ 3,643,936</u>

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

West Tallahatchie School District
Statement of Activities
For the Year Ended June 30, 2011

Exhibit B

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 4,749,753	464,897	1,436,217	(2,848,639)
Support services	3,513,229		922,276	(2,590,953)
Non-instructional	851,967	30,031	762,545	(59,391)
Sixteenth section	589			(589)
Interest and other expenses on long-term liabilities	84,288			(84,288)
Total Governmental Activities	9,199,826	494,928	3,121,038	(5,583,860)
General Revenues				
Taxes				
General purpose levies				1,976,538
Debt purpose levies				103,865
Unrestricted grants and contributions				
State				4,006,677
Federal				99,750
Unrestricted investment earnings				4,648
Sixteenth section sources				297,483
Other				82,715
Total General Revenues				6,571,676
Changes in Net Assets				987,816
Net Assets - Beginning, as originally reported				2,651,351
Prior Period Adjustments (Note 9)				4,769
Net Assets - Beginning -as restated				2,656,120
Net Assets - Ending				\$ 3,643,936

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

West Tallahatchie School District
 Balance Sheet - Governmental Funds
 June 30, 2011

Exhibit C

	Major Funds				
	General Fund	Title I Basic Fund	16th Section Interest Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents (Note 2)	\$ 1,368,861	9,830	422,841	284,806	2,086,338
Investments (Note 2)				32,854	32,854
Due from other governments	126,302	77,821		332,944	537,067
Lease receivable, net			26,700		26,700
Other receivables, net	66				66
Due from other funds (Note 3)	71,586	478		22,733	94,797
Inventories				7,692	7,692
Total Assets	1,566,815	88,129	449,541	681,029	2,785,514
Liabilities and Fund Balances					
Liabilities					
Accounts payable & accrued liabilities	357,789	33,113		111,831	502,733
Due to other funds (Note 3)	23,513	49,402		39,294	112,209
Unearned revenue		5,614			5,614
Total Liabilities	381,302	88,129	0	151,125	620,556
Fund Balances					
Nonspendable					
Inventory				7,692	7,692
Permanent fund principal				26,422	26,422
Restricted					
Debt service				260,609	260,609
Forestry improvements				7,548	7,548
Unemployment benefits				6,231	6,231
Grant activities				219,814	219,814
Assigned					
Capital improvements				1,588	1,588
Alternative school	52,179				52,179
School activities	13,239				13,239
Other purposes			449,541		449,541
Unassigned	1,120,095				1,120,095
Total Fund Balances	1,185,513	0	449,541	529,904	2,164,958
Total Liabilities and Fund Balances	\$ 1,566,815	88,129	449,541	681,029	2,785,514

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

West Tallahatchie School District
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2011

Exhibit C-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 2,164,958
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the governmental funds, net of accumulated depreciation of \$2,776,261.	3,711,714
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	(2,208,842)
Governmental funds recognize interest on long-term debt when it becomes due, however the Statement of Net Assets recognizes interest as it accrues.	<u>(23,894)</u>
Total Net Assets - Governmental Activities	<u>\$ 3,643,936</u>

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

West Tallahatchie School District
 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 For the Year Ended June 30, 2011

Exhibit D

	Major Funds				Total Governmental Funds
	General Fund	Title I Basic Fund	16th Section Interest Fund	Other Governmental Funds	
Revenues					
Local sources	\$ 2,493,099	256		134,265	2,627,620
Intermediate sources				91,273	91,273
State sources	3,496,766			729,844	4,226,610
Federal sources	99,750	868,473		1,976,269	2,944,492
Sixteenth section sources			296,842	805	297,647
Total Revenues	6,089,615	868,729	296,842	2,932,456	10,187,642
Expenditures					
Instruction	2,966,744	352,714		1,380,056	4,699,514
Support services	2,578,306	416,352		600,103	3,594,761
Noninstructional services	33,257	99,663		668,488	801,408
Sixteenth section				589	589
Debt service					
Principal (Note 6)				264,654	264,654
Interest				87,584	87,584
Total Expenditures	5,578,307	868,729	0	3,001,474	9,448,510
Excess (Deficiency) of Revenues Over Expenditures	511,308	0	296,842	(69,018)	739,132
Other Financing Sources (Uses)					
Operating transfers in (Note 3)	324,500			80,429	404,929
Operating transfers out (Note 3)	(80,429)		(324,500)		(404,929)
Total Other Financing Sources (Uses)	244,071	0	(324,500)	80,429	0
Net Change in Fund Balances	755,379	0	(27,658)	11,411	739,132
Fund Balances					
July 1, 2010	430,134	0	477,199	516,574	1,423,907
Increase in reserve for inventory				1,919	1,919
June 30, 2011	<u>\$ 1,185,513</u>	<u>0</u>	<u>449,541</u>	<u>529,904</u>	<u>2,164,958</u>

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

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

Exhibit D-1

	<u>Amount</u>
Net Change in Fund Balance - Governmental Funds	\$ 739,132
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$89,966 and the depreciation expense amounted to \$135,944.	(45,978)
The repayment of the principal on long-term debt consumes current financial resources of governmental funds but has no effect on net assets.	264,654
Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.	3,296
The sale and/or disposal of capital assets is reported as other financing sources in the governmental funds but is reported as a reduction of net capital assets on the Statement of Activities, along with any gain or loss.	(54)
An increase in the inventory reserve is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenses are decreased in the Statement of Activities.	1,919
Expenses for compensated absences reported in the Statement of Activities do not require use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>24,847</u>
Changes in Net Assets of Governmental Activities	<u>\$ 987,816</u>

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

West Tallahatchie School District
Statement of Net Assets - Fiduciary Funds
June 30, 2011

Exhibit E

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents (Note 2)	\$ 750	9,213
Due from other funds (Note 3)		<u>19,679</u>
Total Assets	<u>750</u>	<u>28,892</u>
Liabilities		
Accounts payable and accrued liabilities		166
Due to other funds (Note 3)		2,267
Due to student clubs		<u>26,459</u>
Total Liabilities	<u>0</u>	<u>28,892</u>
Net Assets		
Reserved for endowments	<u>750</u>	
Total Net Assets	<u>\$ 750</u>	

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

West Tallahatchie School District
 Statement of Changes in Fiduciary Net Assets
 For the Year Ended June 30, 2011

Exhibit F

	<u>Private-Purpose Trust Funds</u>
Additions	
Contributions and donations from private sources	\$ 1,650
Total Additions	<u>1,650</u>
Deductions	
Scholarships awarded	<u>900</u>
Total Deductions	<u>900</u>
Changes in Net Assets	<u>750</u>
Net Assets	
July 1, 2010	<u>0</u>
June 30, 2011	<u><u>\$ 750</u></u>

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

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

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

Blended component unit.

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

The Authority is governed by a five member board which is appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, fund balances, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see Note 12).

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.

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

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.

Title I Basic Fund - This is a federally funded special revenue fund whose resources are used to provide services to educationally deprived children.

16th Section Interest Fund - This special revenue fund is used to account for the financial resources associated with expendable revenues derived from the use of 16th section lands held in trust by the School District.

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

The District's fiduciary funds include the following:

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

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

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

Scholarship Fund - This private purposes fund is financed from private sources and is used to provide scholarships to graduating seniors.

Additionally, the school district reports the following fund types:

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

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

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

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

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

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

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

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

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."

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. The nonexpendable portion of the Permanent Fund 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. In addition, there are other funds of the district whose use is legally restricted and they are also classified as restricted assets.

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:

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

	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

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

In the government-wide financial statements, outstanding debt is reported as liabilities. The principal and interest payment on outstanding debt is reported as expenditures in the governmental funds.

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 documented in the board minutes of the School Board. Currently there are no committed fund balances.

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

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent or Business Manager pursuant to authorization established by the School Board.

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 and Investments

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase 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 \$2,112,760 (which includes \$26,422 of certificates of deposit with original maturities beyond three months and reported on the Balance Sheet as investments) and \$9,963 respectively.

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

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.

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
Certificates of deposit	N/A	1 Year	\$ 26,422
US Federated Cash Reserve	AAAm	Less than 1 year	6,432
Total			<u>\$ 32,854</u>

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2011, the district did not have any investments to which this would apply.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2011, the district had the following investments:

Issuer	Fair Value	% of Total Investments
Southern Bancorp - Certificate of Deposit	<u>\$ 26,422</u>	80%

Note 3 – Inter-fund Receivables, Payables and Transfers

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

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

A. Due From/To Other Fund

Receivable Fund	Payable Fund	Amount
General Fund	Major fund - Title I Basic Fund	\$ 30,510
	Other governmental funds	39,294
	Fiduciary funds	1,782
Major fund - Title I Basic Fund	General Fund	78
	Fiduciary funds	400
Other governmental funds	General Fund	22,648
	Fiduciary funds	85
Fiduciary funds	General Fund	787
	Major fund - Title I Basic Fund	18,892
Total		<u>\$ 114,476</u>

The purpose of the more significant inter-fund loans from the General Fund and the Other Governmental Funds was to eliminate negative cash balances as part of normal year end close out procedures. The inter-fund due the Fiduciary Funds is for the Title I accrued payroll.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 80,429
Major fund - 16th Section Interest Fund	General Fund	324,500
Total		<u>\$ 404,929</u>

The transfer out of the General Fund was for the purpose of funding programs in the Other Governmental Funds. The transfers to the General Fund are to transfer interest.

Note 4 – Restricted Assets

The restricted assets (327,490) represent the cash balance of \$294,636 and investment balance of \$32,854 of numerous funds whose use are legally restricted and may not be used for purposes that support the district's programs, i.e., debt service fund, restricted special revenue funds and the permanent fund.

Note 5 – Capital Assets

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

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

	Balance 7/1/2010	Increases	Decreases	Adjustments	Balance 6/30/2011
Governmental Activities:					
Non-depreciable capital assets:					
Land	\$ 15,491				15,491
Total non-depreciable capital assets	<u>15,491</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,491</u>
Depreciable capital assets:					
Buildings	5,079,454				5,079,454
Building improvements	46,608				46,608
Improvements other than buildings	270,435				270,435
Mobile equipment	716,192	52,000			768,192
Furniture and equipment	265,091	37,966	(5,400)	10,138	307,795
Total depreciable capital assets	<u>6,377,780</u>	<u>89,966</u>	<u>(5,400)</u>	<u>10,138</u>	<u>6,472,484</u>
Less accumulated depreciation for:					
Buildings	1,788,398	76,713			1,865,111
Building improvements	31,693	1,864			33,557
Improvements other than buildings	43,269	10,818			54,087
Mobile equipment	536,484	31,168			567,652
Furniture and equipment	240,450	15,381	(5,346)	5,369	255,854
Total accumulated depreciation	<u>2,640,294</u>	<u>135,944</u>	<u>(5,346)</u>	<u>5,369</u>	<u>2,776,261</u>
Total depreciable capital assets, net	<u>3,737,486</u>	<u>(45,978)</u>	<u>(54)</u>	<u>4,769</u>	<u>3,696,223</u>
Governmental activities capital assets, net	<u>\$ 3,752,977</u>	<u>(45,978)</u>	<u>(54)</u>	<u>4,769</u>	<u>3,711,714</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 95,161
Support services	27,189
Non-instructional	13,594
Total depreciation expense - Governmental activities	<u>\$ 135,944</u>

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	1,461,500		168,500	1,293,000	174,000
B. Certificates of participation payable	115,000		36,154	78,846	40,000
C. Three mill notes payable	845,000		60,000	785,000	65,000
D. Compensated absences payable	76,843		24,847	51,996	4,160
Total	<u>\$ 2,498,343</u>	<u>0</u>	<u>289,501</u>	<u>2,208,842</u>	<u>283,160</u>

A. Limited obligation refunding bonds payable

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

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement refunding bonds, series 2008	3.19	3/1/2008	2/1/2018	<u>\$ 1,705,000</u>	<u>1,293,000</u>

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

Year Ending June 30	Principal	Interest	Total
2012	\$ 174,000	41,247	215,247
2013	179,500	35,696	215,196
2014	185,500	29,970	215,470
2015	191,500	24,052	215,552
2016	197,500	17,944	215,444
2017 – 2018	<u>365,000</u>	<u>16,769</u>	<u>381,769</u>
Total	<u>\$ 1,293,000</u>	<u>165,678</u>	<u>1,458,678</u>

This debt will be retired from the MAEP Debt Retirement Fund) Debt Service Fund)

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

B. Certificates of participation payable

As more fully explained in Note 12, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Certificates of participation, series 1993	5.1-6.5	3/1/1993	3/1/2013	<u>\$ 500,000</u>	<u>\$ 78,846</u>

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

Year Ending June 30	Principal	Interest	Total
2012	\$ 40,000	4,800	44,800
2013	<u>38,846</u>	<u>2,400</u>	<u>41,246</u>
Total	<u>\$ 78,846</u>	<u>7,200</u>	<u>86,046</u>

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

The School District has pledged future state Educational Enhancement revenues from the EEF Building and Bus Fund to repay this debt. The pledged revenues are sufficient to make the annual debt payments. The total principal

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

and interest remaining to be paid on the debt is \$86,046. Principal and interest for the current year and total state Educational Enhancement revenues from the EEF Building and Bus Fund were \$41,886 and \$43,931, respectively.

C. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill loan, series 2005	4.2	9/1/2005	9/1/2020	\$ 1,065,000	785,000

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

Year Ending June 30	Principal	Interest	Total
2012	\$ 65,000	31,605	96,605
2013	65,000	28,875	93,875
2014	70,000	26,040	96,040
2015	75,000	22,995	97,995
2016	75,000	19,845	94,845
2017 - 2021	435,000	47,145	482,145
Total	\$ 785,000	176,505	961,505

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

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 \$535,298, \$615,833 and \$645,383, respectively, which equaled the required contributions for each year.

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

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 therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30	Amount
2012	\$ 270,193
2013	270,193
2014	115
2015	115
2016	115
Total	<u>\$ 540,731</u>

Note 9 – Prior Period Adjustments

A summary of significant fund balance adjustments is as follows:

Exhibit B - Statement of Activities

Explanation	Amount
Capital assets - correction of error	<u>\$ 4,769</u>

Note 10 – Contingencies

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

Note 11 – Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 12 – Trust Certificates

A trust agreement dated March 1, 1993, was executed by and between the school district and Trustmark National Bank, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$500,000. Approximately \$468,276 was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project"); the remainder of approximately \$31,724 was used to pay the cost of issuance.

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

The project is leased to the school district in accordance with the provisions of the Emergency School Leasing Authority Act as described in Section 37-7-351, et seq., Miss. Code Ann. (1972). The lease represents a capital lease under which ownership of the project will transfer to the school district upon complete retirement of the trust certificates. The school district is obligated to make lease payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The lease rental payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates. It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the lease; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 6 for details regarding the debt service requirement on the trust certificates.

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

Note 13 – Alternative School Consortium

The school district entered into an Alternative School Agreement dated November 6, 1996 creating the North Delta Alternative School. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the West Tallahatchie Consolidated School District, Coahoma County School District, Quitman County School District, Coahoma Agricultural High School, Mound Bayou School District, North Panola School District and Sunflower County School District.

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

The West Tallahatchie Consolidated School District has been designated as the lead school district for the North Delta Alternative School, 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 North Delta Alternative School.

West Tallahatchie School District
Notes to Financial Statements
For the Year Ended June 30, 2011

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2011

Revenues	
Local sources:	
Tuition from other LEA's	\$ 396,338
State sources	71,677
Total Revenues	<u>468,015</u>
Expenditures	
Salaries	253,499
Employee benefits	77,174
Purchased property services	1,522
Other purchased services	2,517
Supplies	2,785
Property	2,701
Total Expenditures	<u>340,198</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>127,817</u>
Other Financing Sources/Uses:	<u>0</u>
Net Change in Fund Balance	<u>127,817</u>
Fund Balance:	
July 1, 2010	<u>124,187</u>
June 30, 2011	<u>\$ 252,004</u>

Note 14 - Subsequent Events

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of the School District evaluated the activity of the district through October 15, 2012 and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

Note 15 -- Economic Dependency

The school district is significantly economically dependent on one ad valorem tax payer. In the event of a loss of ad valorem taxes from this payer, the district would encounter an economic hardship.

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REQUIRED SUPPLEMENTAL INFORMATION

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West Tallahatchie School District
 Budgetary Comparison Schedule for the General Fund
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	\$ 2,396,974	2,493,032	2,493,099	96,058	67
State sources	3,807,121	3,496,766	3,496,766	(310,355)	0
Federal sources	66,200	99,750	99,750	33,550	0
Total Revenues	6,270,295	6,089,548	6,089,615	(180,747)	67
Expenditures					
Instruction	3,100,085	2,964,744	2,966,744	135,341	(2,000)
Support services	2,473,050	2,576,069	2,578,306	(103,019)	(2,237)
Noninstructional services	20,560	33,257	33,257	(12,697)	0
Facilities acquisition and construction	0	2,821	0	(2,821)	2,821
Total Expenditures	5,593,695	5,576,891	5,578,307	16,804	(1,416)
Excess (Deficiency) of Revenues Over Expenditures	676,600	512,657	511,308	(163,943)	(1,349)
Other Financing Sources (Uses)					
Operating transfers in	125,000	379,412	324,500	254,412	(54,912)
Operating transfers out	0	(135,141)	(80,429)	(135,141)	54,712
Total Other Financing Sources (Uses)	125,000	244,271	244,071	119,271	(200)
Net Change in Fund Balances			755,379		
Fund Balances					
July 1, 2010			430,134		
June 30, 2011			1,185,513		

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

West Tallahatchie School District
 Budgetary Comparison Schedule for the Major Special Revenue Fund - Title I Basic Fund
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	\$ 250	256	256	6	0
Federal sources	803,289	874,087	868,473	70,798	(5,614)
Total Revenues	<u>803,539</u>	<u>874,343</u>	<u>868,729</u>	<u>70,804</u>	<u>(5,614)</u>
Expenditures					
Instruction	256,160	353,114	352,714	(96,954)	400
Support services	442,015	416,352	416,352	25,663	0
Noninstructional services	128,983	99,663	99,663	29,320	0
Total Expenditures	<u>827,158</u>	<u>869,129</u>	<u>868,729</u>	<u>(41,971)</u>	<u>400</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(23,619)</u>	<u>5,214</u>	<u>0</u>	<u>28,833</u>	<u>(5,214)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances			<u>0</u>		
Fund Balances					
July 1, 2011			<u>0</u>		
June 30, 2012			<u>\$ 0</u>		

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

West Tallahatchie School District
 Budgetary Comparison Schedule for the Major Special Revenue Fund - 16th Section Interest Fund
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Sixteenth section sources	\$ 309,278	296,842	296,842	(12,436)	0
Total Revenues	<u>309,278</u>	<u>296,842</u>	<u>296,842</u>	<u>(12,436)</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>309,278</u>	<u>296,842</u>	<u>296,842</u>	<u>(12,436)</u>	<u>0</u>
Other Financing Sources (Uses)					
Operating transfers out	(125,000)	(324,500)	(324,500)	(199,500)	0
Total Other Financing Sources (Uses)	<u>(125,000)</u>	<u>(324,500)</u>	<u>(324,500)</u>	<u>(199,500)</u>	<u>0</u>
Net Change in Fund Balances			<u>(27,658)</u>		
Fund Balances					
July 1, 2010			<u>477,199</u>		
June 30, 2011			\$ <u><u>449,541</u></u>		

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

West Tallahatchie School District
Notes to the Required Supplemental Information
For the Year Ended June 30, 2011

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

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

SUPPLEMENTAL INFORMATION

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West Tallahatchie School District
 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>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 198,214
National school lunch program	10.555	440,221
Summer food service program for children	10.559	62,241
Total child nutrition cluster		<u>700,676</u>
Fresh fruits and vegetable program	10.582	29,251
Total U.S. Department of Agriculture		<u>729,927</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The school and libraries program of the universal service fund	32.XXX	55,418
Total Federal Communications Commission		<u>55,418</u>
<u>U.S. Department of Education</u>		
Direct programs:		
Improving literacy through school libraries grant	84.364	182,535
Total		<u>182,535</u>
Passed-through Mississippi Department of Education:		
Career and technical education - basic grants to states	84.048	4,983
Safe and drug-free schools and communities - state grants	84.186	6,378
Rural education	84.358	15,055
Improving teacher quality - state grants	84.367	163,528
School improvement grants	84.377	35,112
Total		<u>225,056</u>
Education technology state grants cluster:		
Education technology - state grants	84.318	4,500
Total education technology state grants cluster		<u>4,500</u>
State fiscal stabilization cluster:		
ARRA - State fiscal stabilization fund - education state grants, recovery act	84.394	253,410
Total state fiscal stabilization cluster		<u>253,410</u>
Title I cluster:		
Title I - grants to local educational agencies	84.010	868,729
ARRA - Title I - grants to local educational agencies, recovery act	84.389	234,417
Total title I cluster		<u>1,103,146</u>
Special education cluster:		
Special education - grants to states	84.027	142,323
Special education - preschool grants	84.173	16,251
ARRA - Special education - grants to states, recovery act	84.391	180,105
ARRA - Special education - preschool grants, recovery act	84.392	3,556
Total special education cluster		<u>342,235</u>

West Tallahatchie School District
 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
Total passed-through Mississippi Department of Education		1,928,347
Total U.S. Department of Education		2,110,882
 Total for All Federal Awards		 \$ 2,896,227

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the basic financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.

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

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administrative</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 6,459,240	\$ 4,475,260	\$ 734,943	\$ 409,297	\$ 839,740
Other	\$ 2,989,270	\$ 952,863	\$ 309,890	\$ 8,984	\$ 1,717,533
Total	<u>\$ 9,448,510</u>	<u>\$ 5,428,123</u>	<u>\$ 1,044,833</u>	<u>\$ 418,281</u>	<u>\$ 2,557,273</u>
Total number of students	<u>758</u>				
Cost per student	<u>\$ 12,465</u>	<u>\$ 7,161</u>	<u>\$ 1,378</u>	<u>\$ 552</u>	<u>\$ 3,374</u>

Notes to the schedule.

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

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

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

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

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

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OTHER SUPPLEMENTAL INFORMATION

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

UNAUDITED

	2011	2010*	2009*	2008*
Revenues				
Local sources	\$ 2,493,099	2,343,909	2,249,159	2,025,281
State sources	3,496,766	3,690,249	4,153,691	4,638,646
Federal sources	99,750	71,316	80,535	64,536
Sixteenth section sources	0	0	0	0
Total Revenues	6,089,615	6,105,474	6,483,385	6,728,463
Expenditures				
Instruction	2,966,744	3,277,799	3,734,407	3,847,954
Support services	2,578,306	2,642,300	2,784,149	2,968,099
Noninstructional services	33,257	29,185	32,551	24,418
Facilities acquisition and construction	0	0	0	21,656
Total Expenditures	5,578,307	5,949,284	6,551,107	6,862,127
Excess (Deficiency) of Revenues Over Expenditures	511,308	156,190	(67,722)	(133,664)
Other Financing Sources (Uses)				
Operating transfers in	324,500	250,000	239,586	0
Operating transfers out	(80,429)	(184,761)	(145,233)	(141,531)
Other financing uses	0	(750)	(750)	(6,998)
Total Other Financing Sources (Uses)	244,071	64,489	93,603	(148,529)
Net Change in Fund Balances	755,379	220,679	25,881	(282,193)
Fund Balances				
July 1, as originally reported	430,134	209,455	183,574	385,468
Prior period adjustments	0	0	0	80,299
July 1, as restated	430,134	209,455	183,574	465,767
June 30	\$ 1,185,513	430,134	209,455	183,574

* Source - Prior year audit reports.

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

UNAUDITED

	2011	2010*	2009*	2008*
Revenues				
Local sources	\$ 2,627,620	2,521,633	2,404,726	2,183,553
Intermediate sources	91,273	0	0	
State sources	4,226,610	4,297,552	4,779,400	5,167,952
Federal sources	2,944,492	2,623,100	2,638,045	2,510,221
Sixteenth section sources	297,647	314,288	324,556	216,416
Total Revenues	10,187,642	9,756,573	10,146,727	10,078,142
Expenditures				
Instruction	4,699,514	4,720,680	5,181,785	5,279,297
Support services	3,594,761	3,594,156	3,669,589	3,783,162
Noninstructional services	801,408	759,889	755,244	928,827
Sixteenth section	589	8,190	1,686	0
Facilities acquisition and construction	0		0	21,656
Debt service				
Principal	264,654	258,500	165,000	215,000
Interest	87,584	96,783	91,964	136,885
Advance refunding escrow	0	8,910	0	0
Other	0	0	41,000	0
Total Expenditures	9,448,510	9,447,108	9,906,268	10,364,827
Excess (Deficiency) of Revenues Over Expenditures	739,132	309,465	240,459	(286,685)
Other Financing Sources (Uses)				
Operating transfers in	404,929	434,761	384,819	270,581
Operating transfers out	(404,929)	(434,761)	(384,819)	(270,581)
Other financing uses	0	(750)	(20,814)	(33,113)
Total Other Financing Sources (Uses)	0	(750)	(20,814)	(33,113)
Net Change in Fund Balances	739,132	308,715	219,645	(319,798)
Fund Balances				
July 1, as originally reported	1,423,907	1,114,300	853,478	1,059,300
Prior period adjustments	0	320	40,000	115,063
July 1, as restated	1,423,907	1,114,620	893,478	1,174,363
Increase (Decrease) in reserve for inventory	1,919	572	1,177	(1,087)
June 30	\$ 2,164,958	1,423,907	1,114,300	853,478

* Source - Prior year audit reports.

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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

Superintendent and School Board
West Tallahatchie School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Tallahatchie School District as of and for the year ended June 30, 2011, which collectively comprise the district's basic financial statements and have issued my report thereon dated October 15, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 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.

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that I consider to be significant deficiencies in internal control over financial reporting. [Finding 2011-01, 2011-02, 2011-03, 2011-04, 2011-05 and 2011-06. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

The school district's responses to the findings identified in my audit are described in the accompanying Auditee's Corrective Action Plan. I did not audit the school district's responses and, accordingly, I express no opinion on them.

This report is intended solely for the information and use of the district's school board and management, 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.

Charles L. Shivers, CPA

Ridgeland, MS
October 15, 2012

CHARLES L. SHIVERS

Certified Public Accountant

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

Superintendent and School Board
West Tallahatchie School District

Compliance

I have audited the compliance of the West Tallahatchie School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The district's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the school district's management. My responsibility is to express an opinion on the school district's compliance based on my audit.

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

In my opinion, the 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.

Internal Control Over Compliance

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

My consideration of 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. I did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2011-07 and 2011-08. 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 school district's responses to the findings identified in my audit are described in the accompanying Auditee's Corrective Action Plan. I did not audit the school district's responses and, accordingly, I express no opinion on them.

This report is intended solely for the information and use of the district's school board and management, 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.

Charles L. Shivers, CPA

Ridgeland, MS
October 15, 2012

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

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CHARLES L. SHIVERS

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

Superintendent and School Board
West Tallahatchie School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued my report thereon dated October 15, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of my procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$13,247 of classroom supply funds carried over from previous years.

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and my audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. My finding and recommendation and your response are as follows:

CONDITION: The school district did not maintain the required cash balance in the unemployment compensation fund as required by 75-5-59 of the Mississippi Code Annotated. At June 30, 2011 it was under-funded by \$11,049.

CRITERIA: The unemployment compensation fund must maintain a balance of 2% of the first \$6,000 of wages earned by school employees.

CAUSE OF CONDITION: This condition is the result of the failure by the client district to perform the necessary calculation.

EFFECT OF CONDITION: The effect is that the client is in noncompliance with the above referenced statute.

RECOMMENDATION: It is recommended that the client perform the necessary calculation at least quarterly and ensure the appropriate amount be recorded in the unemployment compensation fund.

DISTRICT RESPONSE: The West Tallahatchie School District will maintain the required cash balance in the unemployment compensation fund as required by 75-5-59 of the Mississippi Code Annotated by proper calculations of the unemployment fund at the necessary quarter.

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the finding in this report to insure that corrective action has been taken.

The School District's response to the finding included in this report was not audited and, accordingly, I express no opinion on it.

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.

Charles L Shivers, CPA

Ridgeland, MS
October 15, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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West Tallahatchie School District
 Schedule of Findings and Questioned Costs
 June 30, 2011

Section I: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|-----------------------------------------------------------------------------------------|-------------|
| 1. | Type of auditor's report issued on the basic financial statements: | Unqualified |
| 2. | Noncompliance material to the basic financial statements noted? | No |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiency identified that are not considered to be material weaknesses? | Yes |

Federal Awards:

- | | | |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 4. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiency identified that are not considered to be material weaknesses? | Yes |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | Yes |
| 7. | Federal program identified as major program: | |
| | a. Title I grants to local educational agencies cluster | |
| | CFDA #: 84.010 | |
| | CFDA #: 84.389 | |
| | b. Special education cluster | |
| | CFDA #: 84.027 | |
| | CFDA #: 84.173 | |
| | CFDA #: 84.391 | |
| | CFDA #: 84.392 | |
| | c. State fiscal stabilization fund - education state grants, recovery act | |
| | CFDA #: 84.394 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____315(b) of OMB Circular A-133? | No |

Section II: Financial Statement Findings

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

Finding 2011-01

CONDITION: There was not a documented system of accounting for the change cash at football games at the high school. It was not apparent where the initial cash originated for the school events tested.

CRITERIA: A well designed system of account controls would be such that all change cash for school events be well documented.

CAUSE OF CONDITION: The cause of the condition was an inadequately designed system of controls.

EFFECT OF CONDITION: This condition could result in missing or unaccounted for change cash.

West Tallahatchie School District
Schedule of Findings and Questioned Costs
June 30, 2011

RECOMMENDATION: It is recommended that change cash be made available on the day of the game and be documented by a cancelled check and that the proper notations be made on the school event form that is used to account for ticket sales and change cash.

Finding 2011-02

CONDITION: The journal entry needed to correctly record accrued payroll and related liabilities was not posted.

CRITERIA: To properly record accrued payroll and related liabilities, a journal entry is required as part of the closeout procedures to reclassify certain account balances generated by the automated accounting software.

CAUSE OF CONDITION: This condition is the result of ineffective year-end close out procedures.

EFFECT OF CONDITION: The effect of this condition could result in the misstatement of certain account balances.

RECOMMENDATION: It is recommended that the proper adjustment be made to accrued payroll and related liabilities as part of the year-end close out procedures.

Finding 2011-03

CONDITION: The testing of several reimbursable federal programs indicated the presence of fund balances for the programs. A reimbursable federal program should not have a fund balance. In the event that a fund balance is present, the accounting controls should dictate an adjustment for deferred revenue.

CRITERIA: A well designed system of accounting controls should provide for the operation of federal programs to prevent the accumulation of excess revenues over expenditures whereby a fund balance is created.

CAUSE OF CONDITION: This condition is the result of not implementing proper accounting controls to prevent the accumulation of a fund balances in federal reimbursable programs.

EFFECT OF CONDITION: The effect of this condition could result in the misstatement of the financial statements.

RECOMMENDATION: It is recommended that the client implement an adequate system of accounting controls to prevent the accumulation of fund balances in federal reimbursable programs.

Finding 2011-04

CONDITION: The business manager has access to general ledger activities and also performs the duties of processing payroll, i.e., performs data entry and runs the monthly payroll and direct deposit. There are no compensating controls to assist with this lack of segregation of duties.

CRITERIA: A well designed system of accounting controls would have these duties segregated to the greatest extent possible.

CAUSE OF CONDITION: This condition is the result of limited staff that sometimes performs incompatible duties and responsibilities.

EFFECT OF CONDITION: The effect of this condition could result in errors occurring and not being detected in a timely manner.

RECOMMENDATION: It is recommended that another person who is independent of the payroll process review the monthly payroll register and other relevant documents to gain satisfaction that no errors have occurred. The district may want to consider using the services of the financial consultant to assist with this matter.

Finding 2011-05

CONDITION: There were no time records to support the hours worked and pay received by one noncertified staff member whose time records were tested.

CRITERIA: Proper accounting controls would require that time records be maintained for all noncertified staff members to support the hours worked and the pay received.

CAUSE OF CONDITION: The cause of the condition was a failure to maintain time records.

EFFECT OF CONDITION: This condition could result in noncertified staff members being paid for time for which they did not work.

RECOMMENDATION: It is recommended that time records be maintained for all noncertified staff members.

West Tallahatchie School District
Schedule of Findings and Questioned Costs
June 30, 2011

Finding 2011-06

CONDITION: One noncertified staff member selected for testing was not approved by the school board for employment.

CRITERIA: Proper accounting controls would be such that the school board approves all staff members for employment.

CAUSE OF CONDITION: The cause of this condition is a failure of this staff member to be presented to the school board for approval of employment.

EFFECT OF CONDITION: This condition could result in inappropriate payment to individuals for which the school board never intended to employ.

RECOMMENDATION: It is recommended that all staff members be presented to the school board for approval of employment.

Section III: Federal Award Findings and Questioned Costs

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

Finding 2011-07

Program: Title I – Grants to Local Educational Agencies Cluster; CFDA# 84.010, 84.389; US Department of Education; Passed through the Mississippi Department of Education

Special Education Cluster; CFDA# 84.027, 84.173, 84.391, 84.392; US Department of Education; Passed through the Mississippi Department of Education

Compliance Requirement: Cash Management

CONDITION: The testing of cash management for the Title I Cluster and Special Education Cluster indicated that excessive amounts of cash were on hand for numerous months during the year.

CRITERIA: A well designed system of accounting controls should be in place to provide for the drawdown of federal funds to pay only for costs due and payable to minimize the possibility of excess cash on hand at the end of a month.

CAUSE OF CONDITION: This condition is the result of these federal funds being maintained in a separate bank account. These separate bank accounts required a cash balance to keep the account open.

EFFECT OF CONDITION: The effect of this condition could result in noncompliance with program requirements.

RECOMMENDATION: It is recommended that either the federal programs bank accounts be closed and they operate from the pool account or an inter-fund loan be made from the general fund to the federal programs and the request for reimbursement be supported by the amount of the inter-fund loan.

Finding 2011-08

Program: Title I – Grants to Local Educational Agencies Cluster; CFDA# 84.010, 84.389; US Department of Education; Passed through the Mississippi Department of Education

Special Education Cluster; CFDA# 84.027, 84.173, 84.391, 84.392; US Department of Education; Passed through the Mississippi Department of Education

Compliance Requirement: Procurement, Suspension and Debarment

CONDITION: The testing of expenditures revealed the district did not maintain documentation supporting compliance requiring a review of the Excluded Parties List (EPLS) to determine if a vendor with whom they will enter into a contract in the amount of or exceeding \$25,000 was suspended or debarred from doing business with the federal program.

CRITERIA: A well designed system of accounting controls should be in place to provide for the review of the EPLS for vendors with whom the district will contract for an amount of or exceeding \$25,000.

West Tallahatchie School District
Schedule of Findings and Questioned Costs
June 30, 2011

CAUSE OF CONDITION: This condition is the result of the client not implementing a system of accounting controls to verify the EPLS as required.

EFFECT OF CONDITION: The effect of this condition could result in transactions with vendors that have been suspended or debarred.

RECOMMENDATION: It is recommended that a system of accounting controls be implemented to ensure compliance with vendors not being suspended or debarred.

AUDITEE'S CORRECTIVE ACTION PLAN

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West Tallahatchie School District

P.O. Box 129

OFFICE OF THE SUPERINTENDENT

Webb, Mississippi 38966

PALLASCENE BRIGHT COLE, Ed.D.
Superintendent

Phone: 662-375-9291
Fax: 662-375-9294

October 12, 2012

As required by Section 315(c) of OMB Circular A-133, the West Tallahatchie School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2011.

Finding 2011-01

Corrective Action Plan

- a. Vera Kemp-Business Officer; Mr. Lawrence Hudson-Principal
- b. An adequate system of control and documentation will be implemented
- c. Corrective plan will be implemented prior to the next exchange of cash for football games and will be in the form of a check.

Finding 2011-02

Corrective Action Plan

- a. Vera Kemp-Business Officer
- b. Accrued Payroll and Journal entries will be made accurately and in a timely manner to assure proper accounting year end balances.
- c. September 28, 2012

Finding 2011-03

Corrective Action Plan

- a. Vera Kemp-Business Officer
- b. Implementation of proper accounting controls for the fiscal management of Federal Programs. Assuring that there is no accumulation of Federal Programs funding.
- c. September 28, 2012

Finding 2011-04

Corrective Action Plan

- a. Dr. Pallascene Cole-Superintendent; Vera Kemp-Business Officer
- b. Conduct a monthly payroll register review and other relevant documents by an independent auditor to assure that no errors occur.
- c. Independent reviews already in progress

Finding 2011-05

Corrective Action Plan

- a. Dr. Pallascene Cole-Superintendent; Vera Kemp-Business Officer
- b. To ensure pay records are correct the district has placed time clocks at all district locations for all certified and non-certified staff members to accurately compare the hours worked and pay received.
- c. October 1, 2012

Finding 2011-06

Corrective Action Plan

- a. Dr. Pallascene Cole-Superintendent
- b. The district has conducted a meeting with Principals to assure that no employees start work without board approval.
- c. Immediate action taken

Finding 2011-07

Corrective Action Plan

- a. Vera Kemp-Business Officer
- b. The business office will closely monitor cash management for Title I and Special Education funds, to ensure monthly drawdowns are only done as needed and to avoid excessive amounts of cash on hand. The board of trustee have closed federal fund accounts and consolidated said funds with general pool accounts to maintain proper cash flow.
- c. Immediate action taken

Finding 2011-08

Corrective Action Plan

- a. Vera Kemp-Business Officer
- b. The District has implemented an accounting system to verify the EPLS of all vendors whose contract exceeds \$25,000.00 to determine if they have been suspended or disbarred.
- c. September 28, 2012

Sincerely,



Dr. Pallascene Bright Cole, ED.D
Superintendent of Education