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WEST JASPER SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2013

WEST JASPER SCHOOL DISTRICT

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	7
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Exhibit A - Statement of Net Position	17
Exhibit B - Statement of Activities	19
Government Funds Financial Statements	
Exhibit C - Balance Sheet	21
Exhibit C-1 - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
Exhibit D - Statement of Revenues, Expendtures and Changes in Fund Balances	25
Exhibit D-1 - Reconcilation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	27
Fiduciary Fund Financial Statements	
Exhibit E - Statement of Fiduciary Assets and Liabilities	29
Notes to the Financial Statements	31
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	47
Budgetary Comparison Schedule - 16th Section Interest Fund	49
Notes to the Required Supplementary Information	51
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	55
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds	57
OTHER INFORMATION	
Statement of Revenues, Expendiitures and Changes in Fund Balances - General Fund, Last Four Years	61
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years	63
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	67
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.	69
INDEPENDENT AUDITOR"S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	73
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	77
FOLLOW UP ON PRIOR YEAR FNDINGS	81

INDEPENDENT AUDITOR'S REPORT

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Suzanne E. Smith, CPA, PLLC
Certified Public Accountant
P. O. Box 7124 • Meridian, MS 39304

Accounting and Auditing Services
Email: sesmithcpa@msn.com

Telephone: 601-482-8040
Cell: 601-938-5717

Member MSCPA

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
West Jasper School District School District

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Jasper School District School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the West Jasper School District School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Jasper School District School District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-14 and 47-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Jasper School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2014, on our consideration of the West Jasper School District School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Jasper School District School District's internal control over financial reporting and compliance.

Suzanne E. Smith

Suzanne E. Smith, CPA
Meridian, Mississippi

April 24, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following discussion and analysis of West Jasper School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2013. 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 position for 2013 increased $415,889, including a prior period adjustment of $2,969, which represents a 3% increase from fiscal year 2012. Total net position for 2012 increased $487,069, including a prior period adjustment of ($4,999), which represents a 3% increase from fiscal year 2011.

- General revenues amounted to $11,344,637 and $11,303,630, or 82% and 79% of all revenues for fiscal years 2013 and 2012, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for $2,519,620, or 18% of total revenues for 2013, and $3,055,053, or 21% of total revenues for 2012.

- The District had $13,451,337 and $13,866,615 in expenses for fiscal years 2013 and 2012; only $2,519,620 for 2013 and $3,055,053 for 2012 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $11,344,637 for 2013 and $11,303,630 for 2012 were adequate to provide for these programs.

- Among major funds, the General Fund had $10,559,750 in revenues and $10,764,279 in expenditures for 2013, and $10,223,688 in revenues and $10,352,727 in expenditures in 2012. The General Fund's fund balance increased by $98,716 from 2012 to 2013, including a prior period adjustment of $1,129, and decreased by $215,707 from 2011 to 2012, including a prior period adjustment of ($124,374).

- Capital assets, net of accumulated depreciation, decreased by $220,939 for 2013 and decreased by $174,865 for 2012. The decrease for 2013 was due primarily due to the depreciation expense of $372,426.

- Long-term debt, including the liability for compensated absences, decreased by $280,309 for 2013 and decreased by $271,109 for 2012. This decrease for 2013 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences increased by $4,691 for 2013 and increased by $3,891 for 2012.

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 supplementary information, supplementary 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 Position 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 Position presents information on all the District's nonfiduciary assets and liabilities, with the differences between the two reported as "net position." Over time, increases or decreases in the

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

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

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, 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 Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules as required supplementary 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.

Supplementary 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 Position

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by $14,871,120 as of June 30, 2013.

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 position at June 30, 2013 and June 30, 2012.

Table 1
Condensed Statement of Net Position

	June 30, 2013	June 30, 2012	Percentage Change
Current assets	$ 7,736,780	$ 7,769,159	-0.42 %
Restricted assets	2,434,054	2,052,854	18.57 %
Capital assets, net	7,879,177	8,100,116	-2.73 %
Total assets	**18,050,011**	**17,922,129**	**0.71 %**
Current liabilities	55,193	62,891	-12.24 %
Long-term debt outstanding	3,123,698	3,404,007	-8.23 %
Total liabilities	**3,178,891**	**3,466,898**	**-8.31 %**
Net position:			
Net investment in capital assets	4,854,177	4,790,116	1.34 %
Restricted	8,754,990	8,497,187	3.03 %
Unrestricted	1,261,953	1,167,928	8.05 %
Total net position	**$ 14,871,120**	**$ 14,455,231**	**2.88 %**

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

- Decrease in net capital assets in the amount of $220,939.
- The principal retirement of $285,000 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2013 and June 30, 2012 were $13,864,257 and $14,358,683, respectively. The total cost of all programs and services was $13,451,337 for 2013 and $13,866,615 for 2012.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012.

Table 2
Changes in Net Position

	Year Ended June 30, 2013	Year Ended June 30, 2012	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 333,851	$ 355,119	(5.99) %
Operating grants and contributions	2,185,769	2,699,934	(19.04) %
General revenues:			
Property taxes	4,173,369	4,104,200	1.69 %
Grants and contributions not restricted	6,656,883	6,750,739	(1.39) %
Investment earnings	21,071	5,717	268.57 %
Sixteenth section sources	431,798	423,372	1.99 %
Other	61,516	19,602	213.83 %
Total revenues	**13,864,257**	**14,358,683**	**(3.44) %**
Expenses:			
Instruction	6,931,173	6,991,219	(0.86) %
Support services	5,533,588	5,808,499	(4.73) %
Non-instructional	866,491	918,274	(5.64) %
Sixteenth section	52,532	68,820	(23.67) %
Interest on long-term liabilities	67,553	79,803	(15.35) %
Total expenses	**13,451,337**	**13,866,615**	**(2.99) %**
Increase (Decrease) in net position	**412,920**	**492,068**	**(16.08) %**
Net Position, July 1	**14,455,231**	**13,968,162**	3.49 %
Prior Period Adjustment	**2,969**	**(4,999)**	(159.39) %
Net Position, July 1, as restated	**14,458,200**	**13,963,163**	3.55 %
Net Position, June 30	**$ 14,871,120**	**$ 14,455,231**	**2.88 %**

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2013	2012	Change
Instruction	$ 6,931,173	$ 6,991,219	(0.86) %
Support services	5,533,588	5,808,499	(4.73) %
Non-instructional	866,491	918,274	(5.64) %
Sixteenth section	52,532	68,820	(23.67) %
Interest on long-term liabilities	67,553	79,803	(15.35) %
Total expenses	**$ 13,451,337**	**$ 13,866,615**	**(2.99) %**

	Net (Expense) Revenue		Percentage
	2013	2012	Change
Instruction	$ (6,109,699)	$ (5,875,644)	3.98 %
Support services	(4,829,798)	(4,836,931)	(0.15) %
Non-instructional	67,691	49,636	36.37 %
Sixteenth section	(52,532)	(68,820)	(23.67) %
Interest on long-term liabilities	(7,379)	(79,803)	(90.75) %
Total net (expense) revenue	**$ (10,931,717)**	**$ (10,811,562)**	**1.11 %**

- Net cost of governmental activities [($10,931,717) for 2013 and ($10,811,562) for 2012] was financed by general revenue, which is primarily made up of property taxes ($4,173,369 for 2013 and $4,104,200 for 2012) and state and federal revenues ($6,656,883 for 2013 and $6,750,739 for 2012). In addition, there was $431,798 and $423,372 in Sixteenth Section sources for 2013 and 2012, respectively.

- Investment earnings amounted to $21,071 for 2013 and $5,717 for 2012.

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 $10,140,974, an increase of $351,554, which includes a prior period adjustment of $2,969 and an increase in inventory of $6,229. $1,260,814, or 13% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of $8,880,160 or 87% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was $98,716, including a prior period adjustment of $1,129. The fund balance of Other Governmental Funds showed a decrease in the amount of $29,206, which includes a prior period adjustment of ($263) and an increase in reserve for inventory of $6,229. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund		Increase (Decrease)
16th Section Interest Fund	$	261,039
Local Building Fund		(10,991)
QSCB Retirement Fund		30,996
16th Section Principal Fund		1,000

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 supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2013, the District's total capital assets were $14,074,696 including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of $51,752 from 2012. Total accumulated depreciation as of June 30, 2013, was $6,195,519, and total depreciation expense for the year was $372,426, resulting in total net capital assets of $7,879,177.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2013	June 30, 2012	Percentage Change
Land	$ 161,710	$ 161,710	0.00 %
Buildings	5,493,560	5,657,073	(2.89) %
Building improvements	1,114,997	1,175,023	(5.11) %
Improvements other than buildings	235,947	250,355	(5.76) %
Mobile equipment	772,314	751,802	2.73 %
Furniture and equipment	100,649	104,153	(3.36) %
Total	**$ 7,879,177**	**$ 8,100,116**	**(2.73) %**

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

Debt Administration. At June 30, 2013, the District had $3,123,698 in outstanding long-term debt, of which $300,000 is due within one year. The liability for compensated absences increased $4,691 from the prior year. The district made principal payments on long-term debt in the amount of $285,000.

Table 5
Outstanding Long-Term Debt

	June 30, 2013	June 30, 2012	Change
Limited obligation refunding bonds payable	$ 1,180,000	$ 1,390,000	(15.11) %
Three mill notes payable	170,000	245,000	(30.61) %
Qualified school construction bonds	1,675,000	1,675,000	0.00 %
Compensated absences payable	98,698	94,007	4.99 %
Total	**$ 3,123,698**	**$ 3,404,007**	**(8.23) %**

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

CURRENT ISSUES

West Jasper 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. The district plans to continue its sound fiscal management to meet the challenges of the future.

The district actively pursues grant funding to supplement 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 Jasper School District School District, 510 Highway 18, Bay Springs, MS 39422.

FINANCIAL STATEMENTS

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West Jasper School District

Statement of Net Position **Exhibit A**

June 30, 2013

		Governmental Activities
Assets		
Cash and cash equivalents	$	7,521,555
Due from other governments		195,084
Inventories		20,141
Restricted assets		2,434,054
Capital assets, net of accumulated depreciation		7,879,177
Total Assets		18,050,011
Liabilities		
Accounts payable and accrued liabilities		29,860
Interest payable on long-term liabilities		25,333
Long-term liabilities, due within one year:		
Capital related liabilities		300,000
Long-term liabilities, due beyond one year:		
Capital related liabilities		2,725,000
Non-capital related liabilities		98,698
Total Liabilities		3,178,891
Net Position		
Net investment in capital assets		4,854,177
Restricted for:		
Expendable:		
School-based activities		6,213,073
Debt service		724,939
Capital improvements		17,631
Forestry improvements		50,083
Unemployment benefits		29,243
Non-expendable:		
Sixteenth section		1,720,021
Unrestricted		1,261,953
Total Net Position	$	14,871,120

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

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West Jasper School District

Statement of Activities **Exhibit B**

For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 6,931,173	145,707	675,767		(6,109,699)
Support services	5,533,588		703,790		(4,829,798)
Non-instructional	866,491	188,144	746,038		67,691
Sixteenth section	52,532				(52,532)
Interest on long-term liabilities	67,553		60,174		(7,379)
Total Governmental Activities	13,451,337	333,851	2,185,769	0	(10,931,717)
General Revenues:					
Taxes:					
General purpose levies					3,948,720
Debt purpose levies					224,649
Unrestricted grants and contributions:					
State					6,521,399
Federal					135,484
Unrestricted investment earnings					21,071
Sixteenth section sources					431,798
Other					61,516
Total General Revenues					11,344,637
Change in Net Position					412,920
Net Position - Beginning, as previously reported					14,455,231
Prior Period Adjustments					2,969
Net Position - Beginning, as restated					14,458,200
Net Position - Ending					$ 14,871,120

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

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West Jasper School District

Governmental Funds

Balance Sheet
June 30, 2013

Exhibit C

	Major Funds						
	General Fund	16th Section Interest Fund	Local Building Fund	QSCB Retirement Fund	16th Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 1,337,125	3,787,323	1,867,440	236,374	1,562,783	529,667	9,320,712
Investments						496,672	496,672
Due from other governments	121,586					211,723	333,309
Due from other funds	59,178		158,426				217,604
Advances to other funds					157,238		157,238
Inventories						20,141	20,141
Total assets	1,517,889	3,787,323	2,025,866	236,374	1,720,021	1,258,203	10,545,676
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities		29,860					29,860
Due to other funds				121,000		96,604	217,604
Advances from other funds	157,238						157,238
Total Liabilities	157,238	29,860	0	121,000	0	96,604	404,702
Fund Balances:							
Nonspendable:							
Inventory						20,141	20,141
Permanent fund principal					1,720,021		1,720,021
Restricted:							
Debt service				115,374		634,898	750,272
Capital projects						17,631	17,631
Forestry improvement purposes						50,083	50,083
Grant activities						409,603	409,603
Unemployment benefits						29,243	29,243
Board purposes		3,757,463					3,757,463
Committed:							
Building improvement purposes			2,025,866				2,025,866
Assigned:							
Student Activities	99,837						99,837
Unassigned	1,260,814						1,260,814
Total Fund Balances	1,360,651	3,757,463	2,025,866	115,374	1,720,021	1,161,599	10,140,974
Total Liabilities and Fund Balances	$ 1,517,889	3,787,323	2,025,866	236,374	1,720,021	1,258,203	10,545,676

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

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West Jasper School District

Governmental Funds

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

June 30, 2013

Total fund balances for governmental funds		$ 10,140,974
Amounts reported for governmental activities in the statement of Net Position are different because:		
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	$ 161,710	
Buildings	9,091,746	
Building improvements	1,700,215	
Improvements other than buildings	352,564	
Mobile equipment	2,311,937	
Furniture and equipment	456,524	
Accumulated depreciation	(6,195,519)	7,879,177
2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Limited obligation refunding bonds	(1,180,000)	
Three mill notes payable	(170,000)	
Qualified school construction bonds payable	(1,675,000)	
Compensated absences payable	(98,698)	
Accrued interest payable	$ (25,333)	(3,149,031)
Net Position of governmental activities		$ 14,871,120

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

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West Jasper School District

Governmental Funds

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

For the Year Ended June 30, 2013

	Major Funds					Other	Total
	General Fund	16th Section Interest Fund	Local Building Fund	QSCB Retirement Fund	16th Section Principal Fund	Governmental Funds	Governmental Funds
Revenues:							
Local sources	$ 4,106,231			146,175		325,993	4,578,399
State sources	6,239,095					566,858	6,805,953
Federal sources	214,424					1,822,274	2,036,698
Sixteenth section sources		387,721			11,909	43,577	443,207
Total Revenues	10,559,750	387,721	0	146,175	11,909	2,758,702	13,864,257
Expenditures:							
Instruction	6,295,962					627,860	6,923,822
Support services	4,459,801					859,908	5,319,709
Noninstructional services						866,745	866,745
Sixteenth section		8,685				43,847	52,532
Debt service:							
Principal						285,000	285,000
Interest	8,516					64,002	72,518
Other						1,575	1,575
Total Expenditures	10,764,279	8,685	0	0	0	2,748,937	13,521,901
Excess (Deficiency) of Revenues over (under) Expenditures	(204,529)	379,036	0	146,175	11,909	9,765	342,356
Other Financing Sources (Uses):							
Escrow transfer in						115,179	115,179
Transfer to escrow agent				(115,179)			(115,179)
Operating transfers in	323,656	11,409				21,540	356,605
Operating transfers out	(21,540)	(142,000)			(11,409)	(181,656)	(356,605)
Total Other Financing Sources (Uses)	302,116	(130,591)	0	(115,179)	(11,409)	(44,937)	0
Net Change in Fund Balances	97,587	248,445	0	30,996	500	(35,172)	342,356
Fund Balances:							
July 1, 2012, as previously reported	1,261,935	3,496,424	2,036,857	84,378	1,719,021	1,190,805	9,789,420
Prior period adjustments	1,129	12,594	(10,991)		500	(263)	2,969
July 1, 2012, as restated	1,263,064	3,509,018	2,025,866	84,378	1,719,521	1,190,542	9,792,389
Increase (Decrease) in reserve for inventory						6,229	6,229
June 30, 2013	$ 1,360,651	3,757,463	2,025,866	115,374	1,720,021	1,161,599	10,140,974

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

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West Jasper School District

Governmental Funds

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2013

Exhibit D-1

Net change in fund balances - total governmental funds		$ 342,356
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 166,061	
Depreciation expense	(372,426)	(206,365)
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold.		(14,574)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Payments of debt principal	285,000	
Accrued interest payable	4,965	289,965
4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	(4,691)	
Change in inventory reserve	6,229	1,538
Change in Net Position of governmental activities		$ 412,920

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

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West Jasper School District

Fiduciary Funds

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

June 30, 2013

	Agency Funds
Assets	
Cash and cash equivalents	$ 516,440
Total Assets	516,440
Liabilities	
Accounts payable and accrued liabilities	446,796
Due to student clubs	69,644
Total Liabilities	$ 516,440

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

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Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

For financial reporting purposes, West Jasper 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.

B. Government-wide and Fund Financial Statements

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

The Statement of Net Position presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

1. Net investment in capital assets 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 position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has 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.

16th Section Interest Fund – This is a special revenue fund that accounts for the expendable resources derived from the district's sixteenth section lands.

Local Building Fund – This capital projects fund is used to account for construction projects financed through local funding.

QSCB Retirement Fund – This debt service fund accounts for the resources restricted to fund the Qualified School Construction Bonds debt retirement.

16th Section Principal Fund – This is a permanent fund that accounts for the non-expendable resources derived from the district's sixteenth section lands.

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 is a fiduciary fund that accounts for the assets and liabilities associated with the imprest clearing activities of the payroll expenditure control cycle.

Accounts Payable Clearing Fund – This is a fiduciary fund that accounts for the assets and liabilities associated with the imprest clearing activities of the non-payroll expenditure control cycle.

Student Club Accounts – These are fiduciary funds that account for the assets and liabilities associated with student club activities.

Additionally, the School District reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

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

In the government-wide Statement of Net Position 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 all considered to be susceptible to accrual.

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position 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 2012 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.

D. 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.

E. Assets, liabilities, deferred outflows/inflows, and net position/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

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

7. Compensated Absences

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

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

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

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

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

9. Fund Balances

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the school board, the District's highest level of decision-making authority. At June 30, 2013, the district committed $2,025,866 for capital improvements.

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

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

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

Note 2 – Cash and Cash Equivalents 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 $9,320,712 and $516,440, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the District. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the District. As of June 30, 2013, none of the District's bank balance of $10,461,405 was exposed to custodial credit risk.

Investments

As of June 30, 2013, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Hancock Bank Federal U.S. Treasury Cash Reserve Money Market Funds	AAAm	Less than 1	$ 142,232
U. S. Treasury Notes	AAA	10-11 years	354,440
Total			$ 496,672

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.

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.

The investments in the Hancock Horizon Treasury Securities Money Market Mutual Funds are uninsured and unregistered and are not backed by the full faith and credit of the federal government.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issue that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds and external investment pools, and other pooled investments. Investments are shown as restricted assets on the Statement of Net Position.

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund		Amount
General Fund	Other governmental funds	$	59,178
Local Building Fund	QSCB Retirement Fund		121,000
	Other governmental funds		37,426
Total		$	217,604

The primary purpose of the inter-fund balances is to eliminate deficit cash balances in pooled bank accounts caused by negative federal program fund cash flows and to recognize the effects of inter-fund loans between funds.

B. Advances To/From Other Funds

Receivable Fund	Payable Fund		Amount
16th Section Principal Fund	General Fund	$	157,238
Total		$	157,238

The advances to/from other funds are also referred to as Sixteenth Section Principal Loans payable. The Sixteenth Section Principal Loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the 16th Section Principal Fund (permanent fund) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with the interest income and expenditure transactions are reflected on Exhibit D.

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

Year Ending June 30		Principal	Interest	Total
2014	$	57,883	11,409	69,292
2015		41,257	6,289	47,546
2016		28,479	3,974	32,453
2017		29,619	2,324	31,943
Total	$	157,238	23,996	181,234

C. Inter-fund Transfers

Transfers Out	Transfers In		Amount
General Fund	Other governmental funds	$	21,540
16th Section Interest Fund	General Fund		142,000
16th Section Principal Fund	16th Section Interest Fund		11,409
Other governmental funds	General Fund		181,656
		$	356,605

The transfers constitute transfers of indirect costs from special revenue funds to the General Fund and operating transfers between governmental funds.

Note 4 – Restricted Assets

The restricted assets represent the cash balance, totaling $1,562,783, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the investment balance and due from other governments balance, totaling $142,232 and $138,226, respectively, of the MAEP Limited Obligation Bond/Note Fund and the cash balance and investment balance, totaling $236,373 and $354,440, respectively, of assets being held for the future retirement of qualified school construction bonds. Total restricted assets are $2,434,054.

Note 5 – Capital Assets

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

		Balance 7/1/2012	Increases	Decreases	Balance 6/30/2013
Governmental Activities:					
Non-depreciable capital assets:					
Land	$	161,710			161,710
Total non-depreciable capital assets		161,710	-	-	161,710
Depreciable capital assets:					
Buildings		9,091,746			9,091,746
Building improvements		1,700,215			1,700,215
Improvements other than buildings		352,564			352,564
Mobile equipment		2,267,952	142,000	98,015	2,311,937
Furniture and equipment		448,757	24,061	16,294	456,524
Total depreciable capital assets		13,861,234	166,061	114,309	13,912,986
Less accumulated depreciation for:					
Buildings		3,434,673	163,513		3,598,186
Building improvements		525,192	60,026		585,218
Improvements other than buildings		102,209	14,408		116,617
Mobile equipment		1,516,150	111,686	88,213	1,539,623
Furniture and equipment		344,604	22,793	11,522	355,875
Total accumulated depreciation		5,922,828	372,426	99,735	6,195,519
Total depreciable capital assets, net		7,938,406	(206,365)	14,574	7,717,467
Governmental activities capital assets, net	$	8,100,116	(206,365)	14,574	7,879,177

Depreciation expense was charged to the following governmental functions:

Instruction	$	4,067
Support services		362,853
Non-instructional		5,506
Total depreciation expense - Governmental activities	$	372,426

Note 6 – Long-term Liabilities

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

	Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013	Amounts due within one year
A. Limited obligation refunding bonds payable	$ 1,390,000		210,000	1,180,000	220,000
B. Three mill notes payable	245,000		75,000	170,000	80,000
C. Qualified school construction bonds payable	1,675,000			1,675,000	
D. Compensated absences payable	94,007	4,691		98,698	
Total	$ 3,404,007	4,691	285,000	3,123,698	300,000

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:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State Aid Capital Improvement Refunding Bonds, Series 2007	4.00%	20-Dec-07	1-Jan-18	$ 2,145,000	$ 1,180,000
Total				$ 2,145,000	$ 1,180,000

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

Limited obligation bond issue of December 20, 2007:

Year Ending June 30	Principal	Interest	Total
2014	$ 220,000	47,200	267,200
2015	225,000	38,400	263,400
2016	235,000	29,400	264,400
2017	245,000	20,000	265,000
2018	255,000	10,200	265,200
Total	$ 1,180,000	145,200	1,325,200

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. This debt will be retired from the MAEP Bond Debt Retirement Fund.

The school district has pledged a portion of future state Minimum Adequate Education Program revenues to repay $2,145,000 in limited obligation bonds payable issued December 20, 2007. Proceeds from the bonds were used to finance capital improvements made to the district's buildings. The bonds are payable solely from future revenues of the state Minimum Adequate Education Program and are payable through January 1, 2018. Annual principal and interest payments on the bonds are expected to require approximately four (4) percent of such state revenues. The total principal and interest remaining to be paid on the bonds is $1,325,200. The total principal and interest paid for the current year and total state Minimum Adequate Education Program revenues were $265,600 and $6,389,159, respectively.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Notes, Series 2009	2.625%	1-Sep-09	1-Sep-14	$ 325,000	$ 170,000
Total				$ 325,000	$ 170,000

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

Three mill notes payable issue of September 1, 2009:

Year Ending June 30	Principal	Interest	Total
2014	$ 80,000	4,523	84,523
2015	90,000	2,394	92,394
Total	$ 170,000	6,917	176,917

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

C. Qualified school construction bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction Bonds, Series 2009	0.00%	17-Nov-09	15-Sep-23	$ 1,675,000	$ 1,675,000
Total				$ 1,675,000	$ 1,675,000

D. Compensated absences payable

As more fully explained in Note 1(E)(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 as of June 30, 2013 was 14.26% 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, 2013, 2012 and 2011 were $1,118,462, $1,007,022, and $971,165, respectively, which equaled the required contributions for each year.

Note 8 – Sixteenth Section Lands

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

Year Ending June 30		Amount
2014	$	50,712
2015		31,812
2016		25,534
2017		22,743
2018		20,747
2019 – 2023		56,084
2024 – 2028		48,459
2029 – 2033		2,120
Thereafter		2,544
Total	$	260,755

Note 9 – Prior Period Adjustments

A summary of significant Net Position/Fund Balance adjustments is as follows:

Exhibit B - Statement of Activities

Explanation		Amount
Correction of a prior period recording of an asset or liability	$	2,969
Total	$	2,969

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

Fund	Explanation		Amount
General Fund	Correction of a prior year coding of an asset or liability	$	1,129
16th Section Interest Fund	Correction of a prior year coding of a liability		12,594
Local Building Fund	Correction of a prior year coding of a liability		(10,991)
16th Section Principal Fund	Correction of a prior year coding of a liability		500
Other governmental funds	Correction of a prior year coding of an asset or liability		(263)
Total		$	2,969

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.

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

Note 12 – Qualified School Construction Bonds

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

The school district makes equal annual payments into a sinking fund which is used to retire the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2013, was $354,440. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual estimated deposits to be made to the sinking fund by the school district.

Year Ending June 30		Amount
2014	$	121,000
2015		121,000
2016		121,000
2017		121,000
2018		604,000
2019 – 2023		240,000
Total	$	1,328,000

Note 13 – Subsequent Events

Events that occur after the Statement of Net Position 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 Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the West Jasper School District evaluated the activity of the district through April 24, 2014, and determined that there was no subsequent event that has occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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West Jasper School District

Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 3,696,857	4,106,080	4,106,231	409,223	151
State sources	6,583,013	6,355,648	6,239,095	(227,365)	(116,553)
Federal sources	203,000	214,424	214,424	11,424	0
Total Revenues	10,482,870	10,676,152	10,559,750	193,282	(116,402)
Expenditures:					
Instruction	6,430,605	6,295,962	6,295,962	134,643	0
Support services	4,609,739	4,459,801	4,459,801	149,938	0
Debt service:					
Interest	10,656	8,516	8,516	2,140	0
Total Expenditures	11,051,000	10,764,279	10,764,279	286,721	0
Excess (Deficiency) of Revenues over (under) Expenditures	(568,130)	(88,127)	(204,529)	480,003	(116,402)
Other Financing Sources (Uses):					
Operating transfers in	0	1,273,226	323,656	1,273,226	(949,570)
Operating transfers out	(235,747)	(1,087,663)	(21,540)	(851,916)	1,066,123
Total Other Financing Sources (Uses)	(235,747)	185,563	302,116	421,310	116,553
Net Change in Fund Balances	(803,877)	97,436	97,587	901,313	151
Fund Balances:					
July 1, 2012, as previously reported	1,261,935	1,261,935	1,261,935	0	0
Prior period adjustments	0	0	1,129	0	1,129
July 1, 2012, as restated	1,261,935	1,261,935	1,263,064	0	1,129
June 30, 2013	$ 458,058	1,359,371	1,360,651	901,313	1,280

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

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West Jasper School District

Required Supplementary Information

Budgetary Comparison Schedule
16th Section Interest Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Sixteenth section sources	$ 82,725	387,721	387,721	304,996	0
Total Revenues	82,725	387,721	387,721	304,996	0
Expenditures:					
Sixteenth section	3,200	5,424	8,685	(2,224)	(3,261)
Total Expenditures	3,200	5,424	8,685	(2,224)	(3,261)
Excess (Deficiency) of Revenues over (under) Expenditures	79,525	382,297	379,036	302,772	(3,261)
Other Financing Sources (Uses):					
Operating transfers in	0	11,409	11,409	11,409	0
Operating transfers out	0	(142,000)	(142,000)	(142,000)	0
Total Other Financing Sources (Uses)	0	(130,591)	(130,591)	(130,591)	0
Net Change in Fund Balances	79,525	251,706	248,445	172,181	(3,261)
Fund Balances:					
July 1, 2012, as previously reported	3,496,424	3,496,424	3,496,424	0	0
Prior period adjustments	0	0	12,594	0	12,594
July 1, 2012, as restated	3,496,424	3,496,424	3,509,018	0	12,594
June 30, 2013	$ 3,575,949	3,748,130	3,757,463	172,181	9,333

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

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Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

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SUPPLEMENTARY INFORMATION

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West Jasper School District

Supplementary Information

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
U.S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	$ 231,698
National school lunch program	10.555	733,709
Total child nutrition cluster		965,407
Total passed-through Mississippi Department of Education		965,407
Passed-through Jasper County, Mississippi:		
Urban and Community Forestry Program	10.675	54,119
Total passed-through Jasper County, Mississippi		54,119
Total U.S. Department of Agriculture		1,019,526
U.S. Department of Defense		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	78,939
Total U.S. Department of Defense		78,939
Federal Communications Commission		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	81,365
Total Federal Communications Commission		81,365
U.S. Department of Education		
Passed-through Mississippi Department of Education:		
Career and technical education - basic grants to states	84.048	21,111
Rural education	84.358	23,561
Improving teacher quality-State Grants	84.367	124,387
Subtotal		169,059
Title I Part A cluster:		
Title I grants to local educational agencies	84.010	426,661
Total Title I Part A cluster		426,661
Special education cluster:		
Special education - grants to states	84.027	379,633
Special education - preschool grants	84.173	17,663
Total special education cluster		397,296
Total passed-through Mississippi Department of Education		993,016
Total U.S. Department of Education		993,016
U.S. Department of Health and Human Services		
Passed-through the Mississippi Department of Education:		
Cooperative agreements to support comprehensive school health programs to prevent the spread of HIV and other important health problems	93.938	3,961
Subtotal		3,961
Total U.S. Department of Health and Human Services		3,961
Total for All Federal Awards		$ 2,176,807

NOTES TO SCHEDULE

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

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West Jasper School District

Supplementary Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2013

Expenditures		Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$	10,411,864	7,288,305	624,712	1,041,186	1,457,661
Other		3,110,037	933,011	99,030	74,274	2,003,722
Total	$	13,521,901	8,221,316	723,742	1,115,460	3,461,383
Total number of students *		1,492				
Cost per student	$	9,063	5,510	485	748	2,320

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

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

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

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

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

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

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West Jasper School District

Other Information

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

	2013	2012*	2011*	2010*
Revenues:				
Local sources	$ 4,106,231	3,820,583	3,691,164	3,281,514
State sources	6,239,095	6,205,030	5,855,919	6,174,253
Federal sources	214,424	198,075	161,621	113,514
Total Revenues	10,559,750	10,223,688	9,708,704	9,569,281
Expenditures:				
Instruction	6,295,962	6,004,241	5,504,883	5,561,982
Support services	4,459,801	4,337,830	4,124,318	4,151,725
Facilities acquisition and construction				2,560
Debt service:				
Interest	8,516	10,656	13,337	14,694
Total Expenditures	10,764,279	10,352,727	9,642,538	9,730,961
Excess (Deficiency) of Revenues over (under) Expenditures	(204,529)	(129,039)	66,166	(161,680)
Other Financing Sources (Uses):				
Insurance recovery		1,922	3,625	1,851
Sale of equipment			4,185	
Sale of other property				5,545
Operating transfers in	323,656	68,664	92,709	70,762
Other financing sources			320	
Operating transfers out	(21,540)	(32,880)	(76,622)	(59,817)
Other financing uses			(2,640)	(372)
Total Other Financing Sources (Uses)	302,116	37,706	21,577	17,969
Net Change in Fund Balances	97,587	(91,333)	87,743	(143,711)
Fund Balances:				
Beginning of period, as previously reported	1,261,935	1,477,642	1,392,382	1,730,584
Prior period adjustments	1,129	(124,374)	(2,483)	(194,491)
Beginning of period, as restated	1,263,064	1,353,268	1,389,899	1,536,093
End of Period	$ 1,360,651	1,261,935	1,477,642	$ 1,392,382

*SOURCE - PRIOR YEAR AUDIT REPORTS

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West Jasper School District

Other Information

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

	2013	2012*	2011*	2010*
Revenues:				
Local sources	$ 4,578,399	4,482,717	4,382,903	3,976,218
State sources	6,805,953	7,045,459	6,716,426	7,049,379
Federal sources	2,036,698	2,405,213	3,272,010	3,140,335
Sixteenth section sources	443,207	423,372	645,553	399,023
Total Revenues	13,864,257	14,356,761	15,016,892	14,564,955
Expenditures:				
Instruction	6,923,822	7,004,608	7,418,685	7,474,273
Support services	5,319,709	5,626,045	5,606,870	5,862,468
Noninstructional services	866,745	907,814	933,929	861,102
Sixteenth section	52,532	68,820	62,152	19,623
Facilities acquisition and construction			443,802	647,694
Debt service:				
Principal	285,000	275,000	359,032	401,552
Interest	72,518	88,468	107,744	127,544
Other	1,575		1,000	2,562
Total Expenditures	13,521,901	13,970,755	14,933,214	15,396,818
Excess (Deficiency) of Revenues over (under) Expenditures	342,356	386,006	83,678	(831,863)
Other Financing Sources (Uses):				
Proceeds of loans				2,056,480
Insurance recovery		1,922	3,625	1,851
Escrow transfer in	115,179	121,000	105,000	
Sale of equipment			4,185	
Sale of other property				5,545
Operating transfers in	356,605	118,179	271,627	175,902
Other financing sources			445	
Operating transfers out	(356,605)	(118,179)	(271,627)	(175,902)
Transfer to escrow agent	(115,179)	(121,000)	(105,000)	
Other financing uses			(2,640)	(372)
Total Other Financing Sources (Uses)	0	1,922	5,615	2,063,504
Net Change in Fund Balances	342,356	387,928	89,293	1,231,641
Fund Balances:				
Beginning of period, as previously reported	9,789,420	9,407,260	9,311,829	8,298,158
Prior period adjustments	2,969	(1,985)	(1,891)	(210,338)
Beginning of period, as restated	9,792,389	9,405,275	9,309,938	8,087,820
Increase (Decrease) in reserve for inventory	6,229	(3,783)	8,029	(7,632)
End of Period	$ 10,140,974	9,789,420	9,407,260	9,311,829

*SOURCE - PRIOR YEAR AUDIT REPORTS

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REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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Suzanne E. Smith, CPA, PLLC
Certified Public Accountant
P. O. Box 7124 • Meridian, MS 39304

Accounting and Auditing Services
Email: sesmithcpa@msn.com

Telephone: 601-482-8040
Cell: 601-938-5717

Member MSCPA

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the School Board
West Jasper School District

Internal Control Over Financial Reporting

We have audited 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Jasper School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise West Jasper School District's basic financial statements, and have issued our report thereon dated April 24, 2014.

In planning and performing our audit of the financial statements, we considered West Jasper School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Jasper School District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Jasper School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Jasper School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of

our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Suzanne E. Smith, CPA
Meridian, MS

April 24, 2014

Suzanne E. Smith, CPA, PLLC
Certified Public Accountant
P. O. Box 7124 • Meridian, MS 39304

Accounting and Auditing Services
Email: sesmithcpa@msn.com

Telephone: 601-482-8040
Cell: 601-938-5717

Member MSCPA

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the School Board

West Jasper School District

Report on Compliance for Each Major Federal Program

We have audited West Jasper School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of West Jasper School District's major federal programs for the year ended June 30, 2013. West Jasper School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of West Jasper School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Jasper School District's compliance with those requirements and performing other such procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of West Jasper School District's compliance.

Opinion on Each Major Federal Program

In our opinion, West Jasper School District complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of West Jasper School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered West Jasper School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effective of West Jasper 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. 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.

Our 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Suzanne E. Smith

Suzanne E. Smith, CPA

Meridian, MS

April 24, 2014

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

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Suzanne E. Smith, CPA, PLLC
Certified Public Accountant
P. O. Box 7124 • Meridian, MS 39304

Accounting and Auditing Services
Email: sesmithcpa@msn.com

Telephone: 601-482-8040
Cell: 601-938-5717

Member MSCPA

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

Superintendent and School Board
West Jasper School District School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Jasper School District School District as of and for the year ended June 30, 2013, which collectively comprise West Jasper School District School District's basic financial statements and have issued our report thereon dated April 24, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

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

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

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

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

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

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

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

Suzanne E. Smith

Suzanne E. Smith, CPA
Meridian, Mississippi

April 24, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST JASPER SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2013

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unqualified

2. Internal control over financial reporting:
   a. Material weakness(es) identified? (Yes/No) No
   b. Significant deficiency(ies) identified? (Yes/None reported) None reported

3. Noncompliance material to financial statements noted? (Yes/No) No

Federal Awards:

4. Internal control over major programs:
   a. Material weakness(es) identified? (Yes/No) No
   b. Significant deficiency(ies) identified? (Yes/None reported) None reported

5. Type of auditor's report issued on compliance for major programs: Unqualified

6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? (Yes/No) No

7. Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I grants to local educational agencies
84.367	Improving teacher quality - state grants

Dollar threshold used to distinguish between type A and type B programs: $300,000

9. Auditee qualified as low-risk auditee? (yes/no) Yes

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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

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FOLLOW UP ON PRIOR YEAR FINDINGS

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Warren E. Woodrow
Superintendent

Phone: 601-764-2280
Fax: 601-764-4490

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

West Jasper School District

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

FOLLOW UP ON PRIOR YEAR FINDINGS

Finding 2012-01: Deficiencies surrounding Cash Management in Title I Cluster.

Federal Award Program: 84.010 Title I grants to local educational agencies

Current year status: This deficiency has been corrected as of the 2012-2013 year.

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