



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



**Bay St. Louis /Waveland School District**

Audited Financial Statements  
For the Year Ended June 30, 2014

**Fortenberry & Ballard, PC**  
Certified Public Accountants

**Bay St. Louis /Waveland School District  
TABLE OF CONTENTS**

	PAGE #
INDEPENDENT AUDITOR’S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION .....	4
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	8
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Exhibit A - Statement of Net Position .....	19
Exhibit B - Statement of Activities .....	20
Governmental Funds Financial Statements	
Exhibit C - Balance Sheet .....	21
Exhibit C-1- Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	22
Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances .....	23
Exhibit D-1 - Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities .....	24
Fiduciary Funds Financial Statements	
Exhibit E - Statement of Fiduciary Assets and Liabilities .....	25
Notes to the Financial Statements .....	27
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule - General Fund .....	46
Budgetary Comparison Schedule - FEMA/MEMA Fund .....	47
Notes to the Required Supplementary Information .....	49
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Expenditures of Federal Awards .....	51
Schedule of Instructional, Administrative, and Other Expenditures - Governmental Funds .....	52
<b>OTHER INFORMATION</b>	
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years .....	54
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years .....	55
<b>REPORTS ON INTERNAL CONTROL AND COMPLIANCE</b>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	57
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133 .....	59
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS .....	62
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	65

## FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL  
STATEMENTS AND SUPPLEMENTARY INFORMATION

Superintendent and School Board  
Bay St. Louis/Waveland 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 Bay St. Louis /Waveland School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Bay St. Louis /Waveland 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 District'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.

1929 SPILLWAY ROAD, SUITE B  
BRANDON, MISSISSIPPI 39047  
TELEPHONE 601-992-5292 FAX 601-992-2033

## **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 Bay St. Louis /Waveland School District, as of June 30, 2014, 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 8 to 17 and 46 to 49 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 Bay St. Louis /Waveland School District's 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), 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 accompanying supplementary information mentioned above 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 January 16, 2015, on our consideration of the Bay St. Louis /Waveland 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 Bay St. Louis /Waveland School District's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
January 16, 2015

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

The following discussion and analysis of Bay St. Louis/Waveland School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2014. 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 2014 increased \$1,316,062, including a prior period adjustment of (\$16,319), which represents a 3% increase from fiscal year 2013. Total net position for 2013 increased \$474,064, including a prior period adjustment of \$38,385, which represents a 1% increase from fiscal year 2012.
- General revenues amounted to \$17,124,768 and \$16,906,377, or 82% and 77% of all revenues for fiscal years 2014 and 2013, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,639,337, or 18% of total revenues for 2014, and \$5,032,979, or 23% of total revenues for 2013.
- The District had \$22,246,510 and \$21,503,677 in expenses for fiscal years 2014 and 2013; only \$3,639,337 for 2014 and \$5,032,979 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$17,124,768 and special items of \$2,814,786 for 2014 and general revenues of \$16,906,377 for 2013 were adequate to provide for these programs.
- Among major funds, the General Fund had \$16,161,629 in revenues and \$17,911,075 in expenditures for 2014, and \$16,007,700 in revenues and \$16,214,328 in expenditures in 2013. The General Fund's fund balance increased by \$2,981,608, including a prior period adjustment of \$1,649, from 2013 to 2014, and decreased by \$488,048 from 2012 to 2013.
- Capital assets, net of accumulated depreciation, increased by \$2,864,303 for 2014 and increased by \$171,770 for 2013. The increase for 2014 was due primarily to ongoing construction projects at fiscal year end and the purchase of various items of mobile equipment and furniture and equipment.
- Long-term debt decreased by \$3,312,327 for 2014 and decreased by \$770,153 for 2013. The decrease for 2014 was due primarily to the forgiveness of the District's Community Disaster Loan resulting from Hurricane Katrina. The liability for compensated absences decreased by \$15,003 for 2014 and increased by \$7,480 for 2013.

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**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

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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.

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**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 \$48,076,518 as of June 30, 2014.

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, 2014 and June 30, 2013.

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Table 1  
Condensed Statement of Net Position**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Current assets	\$ 12,620,227	\$ 16,831,910	(25.02) %
Restricted assets	632,084	632,084	- %
Capital assets, net	42,921,613	40,057,310	7.15 %
<b>Total assets</b>	<b><u>56,173,924</u></b>	<b><u>57,521,304</u></b>	<b>(2.34) %</b>
Current liabilities	1,472,928	809,040	82.06 %
Long-term debt outstanding	6,624,478	9,951,808	(33.43) %
<b>Total liabilities</b>	<b><u>8,097,406</u></b>	<b><u>10,760,848</u></b>	<b>(24.75) %</b>
<b>Net position:</b>			
Net investment in capital assets	37,453,697	33,839,394	10.68 %
Restricted	2,353,766	3,199,030	(26.42) %
Unrestricted	8,269,055	9,722,032	(14.95) %
<b>Total net position</b>	<b><u>\$ 48,076,518</u></b>	<b><u>\$ 46,760,456</u></b>	<b>2.81 %</b>

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

- Increase in net capital assets in the amount of \$2,864,303.
- The principal retirement of \$802,906 of long-term debt.
- The forgiveness of the outstanding balance of the District's Community Disaster Loan totaling \$2,509,421

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were \$20,764,105 and \$21,939,356, respectively. The total cost of all programs and services was \$22,246,510 for 2014 and \$21,503,677 for 2013.

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

**Table 2  
Changes in Net Position**

	<u>Year Ended June 30, 2014</u>	<u>Year Ended June 30, 2013</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 343,433	\$ 486,028	(29.34) %
Operating grants and contributions	3,295,904	4,546,951	(27.51) %
General revenues:			
Property taxes	8,138,606	8,070,879	0.84 %
Gaming/donations		290,763	(100.00) %
Grants and contributions not restricted	8,473,953	8,344,467	1.55 %
Investment earnings	57,980	56,413	2.78 %
Sixteenth section sources	2,400	6,628	(63.79) %
Other	451,829	137,227	229.26 %
<b>Total revenues</b>	<b>20,764,105</b>	<b>21,939,356</b>	<b>(5.36) %</b>
<b>Expenses:</b>			
Instruction	10,759,848	10,974,884	(1.96) %
Support services	9,805,249	8,673,439	13.05 %
Non-instructional	1,394,761	1,472,835	(5.30) %
Sixteenth section	1,117	1,252	(10.78) %
Interest on long-term liabilities	285,535	381,267	(25.11) %
<b>Total expenses</b>	<b>22,246,510</b>	<b>21,503,677</b>	<b>3.45 %</b>
Special items	<b>2,814,786</b>	-	N/A %
<b>Increase (Decrease) in net position</b>	<b>1,332,381</b>	<b>435,679</b>	<b>205.82 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>46,760,456</b>	<b>46,286,392</b>	1.02 %
<b>Prior Period Adjustment</b>	<b>(16,319)</b>	<b>38,385</b>	(142.51) %
<b>Net Position, July 1, as restated</b>	<b>46,744,137</b>	<b>46,324,777</b>	<b>0.91 %</b>
<b>Net Position, June 30</b>	<b>\$ 48,076,518</b>	<b>\$ 46,760,456</b>	<b>2.81 %</b>

**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.

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Table 3  
Net Cost of Governmental Activities**

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2014</b>	<b>2013</b>	
Instruction	\$ 10,759,848	\$ 10,974,884	(1.96) %
Support services	9,805,249	8,673,439	13.05 %
Non-instructional	1,394,761	1,472,835	(5.30) %
Sixteenth section	1,117	1,252	(10.78) %
Interest on long-term liabilities	285,535	381,267	(25.11) %
<b>Total expenses</b>	<b>\$ 22,246,510</b>	<b>\$ 21,503,677</b>	<b>3.45 %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2014</b>	<b>2013</b>	
Instruction	\$ (9,362,944)	\$ (9,136,842)	2.47 %
Support services	(8,741,147)	(6,819,245)	28.18 %
Non-instructional	(216,430)	(132,092)	63.85 %
Sixteenth section	(1,117)	(1,252)	(10.78) %
Interest on long-term liabilities	(285,535)	(381,267)	(25.11) %
<b>Total net (expense) revenue</b>	<b>\$ (18,607,173)</b>	<b>\$ (16,470,698)</b>	<b>12.97 %</b>

- Net cost of governmental activities (\$18,607,173 for 2014 and \$16,470,698 for 2013) was financed by general revenue, which is primarily made up of property and gaming taxes (\$8,138,606 for 2014 and \$8,361,642 for 2013) and state and federal revenues (\$8,473,953 for 2014 and \$8,344,467 for 2013). In addition, there was \$2,400 and \$6,628 in Sixteenth Section sources for 2014 and 2013, respectively.
- Investment earnings amounted to \$57,980 for 2014 and \$56,413 for 2013.

**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 \$11,845,847, an increase of \$392,808, which includes a prior period adjustment of (\$70,842) and

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

an increase in inventory of \$8,632. \$2,131,251, or 18% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$9,714,596, or 82% 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 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 \$2,981,608, which includes a prior period adjustment of \$1,649. The fund balance of Other Governmental Funds showed an increase in the amount of \$5,298, which includes an increase in inventory of \$8,632. The increase (decrease) in the fund balances for the other major fund was as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
FEMA/MEMA Fund	\$ (2,594,098)

**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. Budget revisions made during the fiscal year were routine in nature and were insignificant when compared with total revenues and expenditures of the 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 fund is provided in this report as required supplementary information.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2014, the District's total capital assets were \$52,440,747, including land, construction in progress, school buildings, building improvements and other improvements, buses, other school vehicles, and furniture and equipment. This amount represents a gross increase of \$3,732,855 from 2013 due primarily to ongoing construction projects at fiscal year end and the purchase of various items of mobile equipment and furniture and equipment. The District also disposed of portable buildings and furniture and equipment during the fiscal year. Total accumulated depreciation as of June 30, 2014, was \$9,519,134, and total depreciation expense for the year was \$1,210,036, resulting in total net capital assets of \$42,921,613.

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Table 4  
Capital Assets, Net of Accumulated Depreciation**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Land	\$ 600,512	\$ 634,475	(5.35) %
Construction in Progress	4,714,634	175,157	2,591.66 %
Buildings	35,353,785	36,902,124	(4.20) %
Building improvements	1,122,551	1,171,357	(4.17) %
Improvements other than buildings	379,679	406,345	(6.56) %
Mobile equipment	157,522	186,856	(15.70) %
Furniture and equipment	592,930	580,996	2.05 %
<b>Total</b>	<b><u>\$ 42,921,613</u></b>	<b><u>\$ 40,057,310</u></b>	<b>7.15 %</b>

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

**Debt Administration.** At June 30, 2014, the District had \$6,624,478 in outstanding long-term debt, of which \$847,818 is due within one year. During the fiscal year, the District made principal payments totaling \$802,906 on outstanding long-term debt. In addition, the remaining principal and interest balance on the District's Community Disaster Loan (CDL) was forgiven during the fiscal year totaling \$2,814,786 (principal balance of \$2,509,421 and interest balance of \$305,365). The liability for compensated absences decreased \$15,003 from the prior year.

**Table 5  
Outstanding Long-Term Debt**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 2,695,000	\$ 3,290,000	(18.09) %
Three mill notes payable	3,405,000	3,560,000	(4.35) %
Shortfall notes payable - CDL	-	2,509,421	(100.00) %
Shortfall notes payable	384,330	437,236	(12.10) %
Compensated absences payable	140,148	155,151	(9.67) %
<b>Total</b>	<b><u>\$ 6,624,478</u></b>	<b><u>\$ 9,951,808</u></b>	<b>(33.43) %</b>

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

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**CURRENT ISSUES**

The Bay St. Louis/Waveland School District is financially stable. The District is proud of its community support of the public schools.

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

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Bay St. Louis/Waveland School District, 200 N. Second Street, Bay St. Louis, MS 39520.

## FINANCIAL STATEMENTS

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

**Statement of Net Position  
June 30, 2014**

**Exhibit A**

	Governmental Activities
	<hr/>
<b>Assets</b>	
Cash and cash equivalents	\$ 11,554,870
Due from other governments	570,824
Other receivables, net	6,143
Inventories	25,592
Prepaid items	462,798
Restricted assets	632,084
Capital assets, non-depreciable:	
Land	600,512
Construction in progress	4,714,634
Capital assets, net of accumulated depreciation:	
Buildings	35,353,785
Building improvements	1,122,551
Improvements other than buildings	379,679
Mobile equipment	157,522
Furniture and equipment	592,930
Total Assets	<hr/> <hr/> 56,173,924
 <b>Liabilities</b>	
Accounts payable and accrued liabilities	1,402,030
Unearned revenue	4,434
Interest payable on long-term liabilities	66,464
Long-term liabilities, due within one year:	
Capital related liabilities	785,000
Non-capital related liabilities	62,818
Long-term liabilities, due beyond one year:	
Capital related liabilities	5,315,000
Non-capital related liabilities	461,660
Total Liabilities	<hr/> <hr/> 8,097,406
 <b>Net Position</b>	
Net investment in capital assets	37,453,697
Restricted for:	
Expendable:	
School-based activities	827,630
Debt service	837,152
Capital improvements	632,084
Unemployment benefits	56,900
Unrestricted	8,269,055
Total Net Position	<hr/> <hr/> \$ 48,076,518

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

**Statement of Activities**

**Exhibit B**

**For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental Activities:</b>				
Instruction	\$ 10,759,848	\$ 97,115	\$ 1,299,789	\$ (9,362,944)
Support services	9,805,249	15,547	1,048,555	(8,741,147)
Non-instructional	1,394,761	230,771	947,560	(216,430)
Sixteenth section	1,117	-	-	(1,117)
Interest on long-term liabilities	285,535	-	-	(285,535)
<b>Total Governmental Activities</b>	<b>\$ 22,246,510</b>	<b>\$ 343,433</b>	<b>\$ 3,295,904</b>	<b>\$ (18,607,173)</b>

**General Revenues:**

**Taxes:**

General purpose levies 7,107,151

Debt purpose levies 1,031,455

**Unrestricted grants and contributions:**

State 8,357,250

Federal 116,703

Unrestricted investment earnings 57,980

Sixteenth section sources 2,400

Other 451,829

**Total General Revenues 17,124,768**

Special items 2,814,786

**Total General Revenues and Special Items 19,939,554**

Change in Net Position 1,332,381

Net Position - Beginning, as previously reported 46,760,456

Prior Period Adjustments (16,319)

Net Position - Beginning, as restated 46,744,137

**Net Position - Ending \$ 48,076,518**

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

**Governmental Funds**

**Balance Sheet**  
**June 30, 2014**

**Exhibit C**

	Major Funds			Total Governmental Funds
	General Fund	FEMA/MEMA Fund	Other Governmental Funds	
<b>Assets</b>				
Cash and cash equivalents	\$ 3,999,393	\$ 5,706,297	\$ 2,481,264	\$ 12,186,954
Due from other governments	309,782	-	261,042	570,824
Other receivables, net	5,283	860	-	6,143
Due from other funds	5,317,511	-	793	5,318,304
Inventories	-	-	25,592	25,592
Prepaid items	462,798	-	-	462,798
<b>Total assets</b>	<b>\$ 10,094,767</b>	<b>\$ 5,707,157</b>	<b>\$ 2,768,691</b>	<b>\$ 18,570,615</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 669,150	\$ 626,049	\$ 106,831	\$ 1,402,030
Due to other funds	-	5,081,108	237,196	5,318,304
Deferred revenue	-	-	4,434	4,434
<b>Total Liabilities</b>	<b>669,150</b>	<b>5,707,157</b>	<b>348,461</b>	<b>6,724,768</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	25,592	25,592
Prepaid items	462,798	-	-	462,798
<b>Restricted:</b>				
Debt service	-	-	903,616	903,616
Capital projects	-	-	632,084	632,084
Unemployment benefits	-	-	56,900	56,900
Food service	-	-	370,909	370,909
Sixteenth section	-	-	124,262	124,262
Other purposes	-	-	306,867	306,867
<b>Assigned:</b>				
Capital improvements	6,704,735	-	-	6,704,735
Activity funds	126,833	-	-	126,833
<b>Unassigned</b>	<b>2,131,251</b>	<b>-</b>	<b>-</b>	<b>2,131,251</b>
<b>Total Fund Balances</b>	<b>9,425,617</b>	<b>-</b>	<b>2,420,230</b>	<b>11,845,847</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,094,767</b>	<b>\$ 5,707,157</b>	<b>\$ 2,768,691</b>	<b>\$ 18,570,615</b>

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

**Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2014**

**Exhibit C-1**

**Total fund balances for governmental funds** \$ 11,845,847

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	\$ 600,512	
Construction in progress	4,714,634	
Buildings	42,699,168	
Building improvements	1,220,164	
Improvements other than buildings	666,654	
Mobile equipment	573,569	
Furniture and equipment	1,966,046	
Accumulated depreciation	<u>(9,519,134)</u>	42,921,613

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:

General obligation bonds	(2,695,000)	
Notes payable	(3,789,330)	
Compensated absences	(140,148)	
Accrued interest payable	<u>(66,464)</u>	(6,690,942)

**Net Position of governmental activities** \$ 48,076,518

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2014**

**Exhibit D**

	Major Funds			Total Governmental Funds
	General Fund	FEMA/MEMA Fund	Other Governmental Funds	
<b>Revenues:</b>				
Local sources	\$ 7,601,912	\$ -	\$ 1,316,162	\$ 8,918,074
State sources	8,448,118	-	247,964	8,696,082
Federal sources	111,599	5,861,488	2,676,120	8,649,207
Sixteenth section sources	-	-	2,400	2,400
<b>Total Revenues</b>	<b>16,161,629</b>	<b>5,861,488</b>	<b>4,242,646</b>	<b>26,265,763</b>
<b>Expenditures:</b>				
Instruction	8,564,372	168,443	1,420,061	10,152,876
Support services	8,653,194	79,129	918,645	9,650,968
Noninstructional services	-	-	1,148,831	1,148,831
Sixteenth section	-	-	1,117	1,117
Facilities acquisition and construction	693,509	3,791,445	-	4,484,954
Debt service:				
Principal	-	-	802,906	802,906
Interest	-	-	284,673	284,673
Other	-	-	2,550	2,550
<b>Total Expenditures</b>	<b>17,911,075</b>	<b>4,039,017</b>	<b>4,578,783</b>	<b>26,528,875</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(1,749,446)	1,822,471	(336,137)	(263,112)
<b>Other Financing Sources (Uses):</b>				
Sale of other property	-	737,030	-	737,030
Operating transfers in	5,116,108	-	378,632	5,494,740
Other financing sources	31,100	-	-	31,100
Operating transfers out	(367,803)	(5,081,108)	(45,829)	(5,494,740)
Other financing uses	(50,000)	-	-	(50,000)
<b>Total Other Financing Sources (Uses)</b>	<b>4,729,405</b>	<b>(4,344,078)</b>	<b>332,803</b>	<b>718,130</b>
<b>Net Change in Fund Balances</b>	<b>2,979,959</b>	<b>(2,521,607)</b>	<b>(3,334)</b>	<b>455,018</b>
<b>Fund Balances:</b>				
July 1, 2013, as previously reported	6,444,009	2,594,098	2,414,932	11,453,039
Prior period adjustments	1,649	(72,491)	-	(70,842)
July 1, 2013, as restated	6,445,658	2,521,607	2,414,932	11,382,197
Increase (Decrease) in inventory	-	-	8,632	8,632
<b>June 30, 2014</b>	<b>\$ 9,425,617</b>	<b>\$ -</b>	<b>\$ 2,420,230</b>	<b>\$ 11,845,847</b>

**BAY ST. LOUIS/WAVELAND 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, 2014** **Exhibit D-1**

**Net change in fund balances - total governmental funds** **\$ 455,018**

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	\$ 4,750,811	
Depreciation expense	<u>(1,210,036)</u>	3,540,775

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.

(730,995)

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	802,906	
Forgiveness of District's debt principal (\$2,509,421) and accrued interest	2,814,786	
Accrued interest payable	<u>1,688</u>	3,619,380

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	15,003	
Change in inventory	<u>8,632</u>	23,635

5. Other long-term assets previously deferred in the funds are available to pay for current period expenditures. The government-wide statement of activities, however, is not subject to this availability criterion. Therefore, amounts related to prior periods that became available as revenue in the governmental funds during the current period are reflected in the government-wide net position as though they had been recognized as revenue in an earlier period.

(5,575,432)

**Change in Net Position of governmental activities** **\$ 1,332,381**

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

**Fiduciary Funds**

**Statement of Fiduciary Assets and Liabilities  
June 30, 2014**

**Exhibit E**

	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 757,884
Total Assets	<u>\$ 757,884</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 688,414
Due to student clubs	69,470
Total Liabilities	<u>\$ 757,884</u>

**Bay St. Louis - Waveland School District**

Notes to the Financial Statements  
June 30, 2014

# BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT

Notes to the Financial Statements  
For the Year Ended June 30, 2014

## **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 an "other stand-alone government." The school district is a related organization of, but not a component unit of, the cities of Bay St. Louis and Waveland since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Bay St. Louis/Waveland 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.

## BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT

### Notes to the Financial Statements For the Year Ended June 30, 2014

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.

FEMA/MEMA Fund - This is a special revenue fund that is used to account for federal sources received from FEMA and expenditures incurred for disaster recovery.

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

The District's fiduciary funds include the following:

Payroll Clearing Fund - This fund is used as a clearing fund for payroll type transactions.

Student Club Funds - These various funds account for the monies raised through school club activities and fund raisers and club related expenditures approved by the individual clubs.

# BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT

## Notes to the Financial Statements For the Year Ended June 30, 2014

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

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.

### 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

## BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT

### Notes to the Financial Statements For the Year Ended June 30, 2014

accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

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

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

Ad valorem property taxes are levied by the governing authority of the 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.

# BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT

Notes to the Financial Statements  
For the Year Ended June 30, 2014

## **D. Encumbrances**

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

## **E. Assets, liabilities, 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.

## BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT

### Notes to the Financial Statements For the Year Ended June 30, 2014

#### 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

#### 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. In addition, unspent proceeds from the issuance of long-term debt reported as cash and cash equivalents in a Capital Projects Fund is classified as restricted assets because the funds are to be spent for specific purposes outlined in resolutions approved by the board, bond documentation, etc.

#### 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.

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

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

The following schedule details the capitalization thresholds:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
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 and Bond Discounts/Premiums**

In the government-wide financial statements, outstanding debt is reported as liabilities. 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.

## BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT

### Notes to the Financial Statements For the Year Ended June 30, 2014

#### 9. Fund Balances

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

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

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

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

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is a resolution approved by the School Board. Currently there is no committed fund balance for this school district.

*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 Superintendent and the Business Manager pursuant to authorization established by the District's approved fund balance 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,

## BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT

### Notes to the Financial Statements For the Year Ended June 30, 2014

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.

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 7% of actual revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

#### **Note 2 – Cash and Cash Equivalents**

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

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$12,186,954 and \$757,884, respectively. The bank balance was \$13,415,918.

*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, 2014, none of the district's bank balance of \$13,415,918 was exposed to custodial credit risk.

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**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**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	FEMA/MEMA Fund	\$ 5,081,108
	Other governmental funds	236,403
Other governmental funds	Other governmental funds	793
Total		<u>\$ 5,318,304</u>

The interfund loans were made mainly to cover the initial payments of reimbursable expenditures of federal and state programs and for timing differences between revenues and expenditures and cash balances.

**B. Inter-fund Transfers**

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Other governmental funds	\$ 367,803
FEMA/MEMA Fund	General Fund	5,081,108
Other governmental funds	General Fund	35,000
	Other governmental funds	10,829
Total		<u>\$ 5,494,740</u>

Inter-fund transfers were primarily for the following: indirect cost transfers, vocational and special educational expenditure transfers, the reimbursement of disaster recovery related expenditures incurred in the General Fund from the FEMA/MEMA Fund, and other routine operating transfers.

**Note 4 – Restricted Assets**

The restricted assets represent unspent proceeds from long-term debt in the amount of \$632,084 that remained on hand in a Capital Projects Fund at fiscal year end.

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**Note 5 – Capital Assets**

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

	Balance 7/1/2013	Increases	Decreases	Adjustments	Balance 6/30/2014
<b>Governmental Activities:</b>					
<u>Non-depreciable capital assets:</u>					
Land	\$ 634,475		\$ 33,963		\$ 600,512
Construction-in-progress	175,157	4,484,954		54,523	4,714,634
Total non-depreciable capital assets	809,632	4,484,954	33,963	54,523	5,315,146
<u>Depreciable capital assets:</u>					
Buildings	43,718,454		1,019,286		42,699,168
Building improvements	1,220,164				1,220,164
Improvements other than buildings	666,654				666,654
Mobile equipment	563,463	10,106			573,569
Furniture and equipment	1,729,525	255,751	19,230		1,966,046
Total depreciable capital assets	47,898,260	265,857	1,038,516	-	47,125,601
<u>Less accumulated depreciation for:</u>					
Buildings	6,816,330	853,983	324,930		7,345,383
Building improvements	48,807	48,806			97,613
Improvements other than buildings	260,309	26,666			286,975
Mobile equipment	376,607	39,440			416,047
Furniture and equipment	1,148,529	241,141	16,554		1,373,116
Total accumulated depreciation	8,650,582	1,210,036	341,484	-	9,519,134
Total depreciable capital assets, net	39,247,678	(944,179)	697,032	-	37,606,467
Governmental activities capital assets, net	\$ 40,057,310	\$ 3,540,775	\$ 730,995	\$ 54,523	\$ 42,921,613

Adjustments were needed to properly report architect fees paid in prior year that are related to a construction project ongoing at fiscal year end.

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
<b>Governmental activities:</b>	
Instruction	\$ 627,580
Support services	377,144
Non-instructional	205,312
Total depreciation expense	<u>\$ 1,210,036</u>

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

Construction in progress is composed of:

	Spent to June 30, 2014	Remaining Commitment
<b>Governmental Activities:</b>		
Central Office Project	\$ 4,025,250	\$ 278,890
Storage Building Project	223,160	105,722
Stadium Project	452,022	8,350
HS/MS Interior Renovation Project	14,202	-
Total governmental activities	<u>\$ 4,714,634</u>	<u>\$ 392,962</u>

Construction projects included in governmental activities are funded with General Funds and FEMA/MEMA funds.

**Note 6 – Long-term Liabilities**

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

	Balance 7/1/2013	Reductions	Adjustments	Balance 6/30/2014	Amounts due within one year
A. General obligation bonds payable	\$ 3,290,000	\$ 595,000	\$ -	\$ 2,695,000	\$ 625,000
B. Three mill notes payable	3,560,000	155,000	-	3,405,000	160,000
C. Shortfall notes payable - CDL	2,509,421	-	(2,509,421)	-	-
D. Shortfall notes payable	437,236	52,906	-	384,330	55,811
E. Compensated absences payable	155,151	15,003	-	140,148	7,007
Total	<u>\$ 9,951,808</u>	<u>\$ 817,909</u>	<u>\$ (2,509,421)</u>	<u>\$ 6,624,478</u>	<u>\$ 847,818</u>

**A. General obligation bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation refunding bonds, Series 2007	4.00%	11/20/2007	9/1/2017	\$ 5,845,000	\$ 2,695,000

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 625,000	\$ 95,300	\$ 720,300
2016	655,000	69,700	724,700
2017	690,000	42,800	732,800
2018	725,000	14,500	739,500
Total	<u>\$ 2,695,000</u>	<u>\$ 222,300</u>	<u>\$ 2,917,300</u>

This debt will be retired from the Bond Sinking Fund (Debt Service Fund).

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2014, the amount of outstanding bonded indebtedness was equal to 2% of property assessments as of October 1, 2013.

**B. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill note payable	3.0% - 4.55%	6/10/2010	6/1/2030	<u>\$ 4,000,000</u>	<u>\$ 3,405,000</u>

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 160,000	\$ 136,319	\$ 296,319
2016	165,000	131,519	296,519
2017	170,000	126,569	296,569
2018	175,000	121,043	296,043
2019	180,000	115,138	295,138
2020 – 2024	1,020,000	469,607	1,489,607
2025 – 2029	1,250,000	239,035	1,489,035
2030	285,000	12,967	297,967
<b>Total</b>	<b>\$ 3,405,000</b>	<b>\$ 1,352,197</b>	<b>\$ 4,757,197</b>

This debt will be retired from the 2010 Three Mill/Twenty Year Fund (Debt Service Fund).

**C. Shortfall notes payable - Community Disaster Loan (CDL)**

Pursuant to HR 2206 - Public Law 110-28, FEMA may allow forgiveness of Community Disaster Loans in Presidentially declared disaster areas on a case by case basis. On August 15, 2013, the District received full forgiveness of the Community Disaster Loans maturing on May 14, 2016 and August 27, 2016. The outstanding principal balance of \$2,509,421 was forgiven, plus accrued interest of \$305,365. This debt was considered one loan for repayment purposes. However, there were different drawdown dates, maturity dates, and interest rates for this debt. The outstanding balance as of June 30, 2014 is \$0.

**D. Shortfall notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall note, Series 2009	4.50%	8/1/2009	8/1/2019	\$ 580,000	\$ 384,330

# BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT

## Notes to the Financial Statements For the Year Ended June 30, 2014

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 55,811	\$ 21,100	\$ 76,911
2016	58,875	18,036	76,911
2017	62,107	14,803	76,910
2018	65,516	11,394	76,910
2019	69,113	7,797	76,910
2020	72,908	4,002	76,910
Total	\$ 384,330	\$ 77,132	\$ 461,462

This debt will be retired from the Shortfall 2009 Fund (Debt Service Fund).

### **E. 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 – Other Commitments**

Commitments under construction contracts are described in Note 5.

### **Note 8 – Prior Year Defeasance of Debt**

In prior years, the Bay St. Louis/Waveland School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the district's financial statements. On June 30, 2014, \$2,660,000 of bonds outstanding are defeased.

### **Note 9 – 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.

# BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT

## Notes to the Financial Statements For the Year Ended June 30, 2014

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, 2014 was 15.75% 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, 2014, 2013 and 2012 were \$1,631,495, \$1,478,502 and \$1,285,637, respectively, which equaled the required contributions for each year.

### Note 10 – Sixteenth Section Lands

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

Year Ending June 30	Amount
2015	\$ 2,400
2016	2,400
2017	2,400
2018	2,400
2019	2,400
2020 – 2024	12,000
2025 – 2029	12,000
2030 – 2034	12,000
2035 – 2039	12,000
Thereafter	74,400
Total	<u>\$ 134,400</u>

# BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT

Notes to the Financial Statements  
For the Year Ended June 30, 2014

## Note 11 – Prior Period Adjustments

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

### Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To correct error in prior year accrual of expenditures and correct fund balance for prior year repayment of FEMA/MEMA funds at the governmental fund level	\$ (70,842)
To correct capital assets for architect fees paid in prior year that were not included in prior year construction in progress balance	54,523
Total	<u>\$ (16,319)</u>

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

<u>Fund</u>	<u>Explanation</u>	<u>Amount</u>
General Fund	To correct error in prior year accrual of expenditures	\$ 1,649
FEMA/MEMA Fund	To correct fund balance for prior year repayment of FEMA/MEMA funds	(72,491)
Total		<u>\$ (70,842)</u>

## Note 12 – Contingencies

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

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

## BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT

Notes to the Financial Statements  
For the Year Ended June 30, 2014

### **Note 13 – Risk Management**

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

#### Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 94 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

### **Note 14 – Special Items**

On August 15, 2013, the District received full forgiveness of the Community Disaster Loans maturing on May 14, 2016 and August 27, 2016. The outstanding principal balance of \$2,509,421 was forgiven, plus accrued interest of \$305,365, totaling \$2,814,786.

### **Note 15 – Subsequent Event**

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 Bay St. Louis/Waveland School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statement.

REQUIRED SUPPLEMENTARY INFORMATION

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 7,607,775	\$ 7,601,912	\$ 7,601,912	\$ (5,863)	\$ -
State sources	8,435,750	8,448,118	8,448,118	12,368	-
Federal sources	143,361	111,599	111,599	(31,762)	-
Total Revenues	16,186,886	16,161,629	16,161,629	(25,257)	-
<b>Expenditures:</b>					
Instruction	8,643,289	8,564,372	8,564,372	78,917	-
Support services	8,766,789	8,653,194	8,653,194	113,595	-
Facilities acquisition and construction	1,222,831	693,509	693,509	529,322	-
Total Expenditures	18,632,909	17,911,075	17,911,075	721,834	-
Excess (Deficiency) of Revenues over (under) Expenditures	(2,446,023)	(1,749,446)	(1,749,446)	696,577	-
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	2,124,179	7,194,564	5,116,108	5,070,385	(2,078,456)
Other financing sources	31,100	31,100	31,100	-	-
Operating transfers out	(2,465,772)	(2,446,259)	(367,803)	19,513	2,078,456
Other financing uses	(50,000)	(50,000)	(50,000)	-	-
Total Other Financing Sources (Uses)	(360,493)	4,729,405	4,729,405	5,089,898	-
Net Change in Fund Balances	(2,806,516)	2,979,959	2,979,959	5,786,475	-
<b>Fund Balances:</b>					
July 1, 2013, as previously reported	6,444,009	6,444,009	6,444,009	-	-
Prior period adjustments	-	1,649	1,649	1,649	-
July 1, 2013, as restated	6,444,009	6,445,658	6,445,658	1,649	-
June 30, 2014	\$ 3,637,493	\$ 9,425,617	\$ 9,425,617	\$ 5,788,124	\$ -

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule  
FEMA/MEMA Fund  
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ -	\$ 737,030	\$ -	\$ 737,030	\$ (737,030)
Federal sources	2,185,000	8,455,586	5,861,488	6,270,586	(2,594,098)
<b>Total Revenues</b>	<b>2,185,000</b>	<b>9,192,616</b>	<b>5,861,488</b>	<b>7,007,616</b>	<b>(3,331,128)</b>
<b>Expenditures:</b>					
Instruction	105,000	168,443	168,443	(63,443)	-
Support services	580,000	79,129	79,129	500,871	-
Facilities acquisition and construction	1,500,000	3,791,445	3,791,445	(2,291,445)	-
<b>Total Expenditures</b>	<b>2,185,000</b>	<b>4,039,017</b>	<b>4,039,017</b>	<b>(1,854,017)</b>	<b>-</b>
Excess (Deficiency) of Revenues over (under) Expenditures	-	5,153,599	1,822,471	5,153,599	(3,331,128)
<b>Other Financing Sources (Uses):</b>					
Sale of other property	-	-	737,030	-	737,030
Operating transfers out	-	(5,081,108)	(5,081,108)	(5,081,108)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(5,081,108)</b>	<b>(4,344,078)</b>	<b>(5,081,108)</b>	<b>737,030</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>72,491</b>	<b>(2,521,607)</b>	<b>72,491</b>	<b>(2,594,098)</b>
<b>Fund Balances:</b>					
July 1, 2013, as previously reported	-	-	2,594,098	-	2,594,098
Prior period adjustments	-	(72,491)	(72,491)	(72,491)	-
July 1, 2013, as restated	-	(72,491)	2,521,607	(72,491)	2,594,098
June 30, 2014	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

## **Bay St. Louis - Waveland School District**

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2014

### Budgetary Comparison Schedules

(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.

## SUPPLEMENTARY INFORMATION

**Bay St. Louis/Waveland School District**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2014

**Schedule 1**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<b><u>U. S. Department of Agriculture</u></b>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 246,822
National School Lunch Program	10.555	761,203
Summer Food Service Program for Children	10.559	21,063
Total Child Nutrition Cluster		<u>1,029,088</u>
Total passed-through Mississippi Department of Education		<u>1,029,088</u>
<b>Total U.S. Department of Agriculture</b>		<u>1,029,088</u>
<b><u>U.S. Department of Defense</u></b>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	43,943
<b>Total U.S. Department of Defense</b>		<u>43,943</u>
<b><u>Federal Communications Commission</u></b>		
Administered through the Universal Service Administrative Company:		
The Schools and Libraries Program of the Universal Service Fund	32.xxx	60,520
<b>Total Federal Communications Commission</b>		<u>60,520</u>
<b><u>U. S. Department of Education</u></b>		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	659,412
Twenty-First Century Community Learning Centers	84.287	325,337
Improving Teacher Quality - State Grants	84.367	170,466
Subtotal		<u>1,155,215</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	494,654
Special Education - Preschool Grants	84.173	9,274
Total Special Education Cluster		<u>503,928</u>
Total passed-through the Mississippi Department of Education		<u>1,659,143</u>
<b>Total U.S. Department of Education</b>		<u>1,659,143</u>
<b><u>U.S. Department of Health and Human Services</u></b>		
Passed-through Mississippi Department of Education		
Medical Assistance Program	93.778	7,137
<b>Total U.S. Department of Health and Human Services</b>		<u>7,137</u>
<b><u>U.S. Department of Homeland Security</u></b>		
Passed-through Mississippi Emergency Management Agency:		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	9,120,125
<b>Total Department of Homeland Security</b>		<u>9,120,125</u>
<b>TOTAL FOR ALL FEDERAL AWARDS</b>		<u>\$ 11,919,956</u>

**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.

**Bay St. Louis/Waveland School District**

**Schedule 2**

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
 For the Year Ended June 30, 2014

<b>Expenditures</b>	<b>Total</b>	<b>Instruction and Other Student Instructional Expenditures</b>	<b>General Administration</b>	<b>School Administration</b>	<b>Other</b>
Salaries and fringe benefits	\$ 13,883,846	10,659,793	849,955	1,043,112	1,330,986
Other	12,645,029	2,232,849	168,829	27,034	10,216,317
Total	<u>\$ 26,528,875</u>	<u>12,892,642</u>	<u>1,018,784</u>	<u>1,070,146</u>	<u>11,547,303</u>
Total number of students *	<u>1,918</u>				
Cost per student	<u>\$ 13,831</u>	<u>6,722</u>	<u>531</u>	<u>558</u>	<u>6,020</u>

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 functions: Support Services - School Administration

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

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

## OTHER INFORMATION

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund

Last Four Years

	2014	2013*	2012*	2011*
<b>Revenues:</b>				
Local sources	\$ 7,601,912	7,575,387	7,816,424	7,787,069
State sources	8,448,118	8,290,282	7,510,885	6,678,360
Federal sources	111,599	142,031	296,271	184,422
Total Revenues	<u>16,161,629</u>	<u>16,007,700</u>	<u>15,623,580</u>	<u>14,649,851</u>
<b>Expenditures:</b>				
Instruction	8,564,372	8,397,376	7,719,967	7,172,848
Support services	8,653,194	7,120,295	7,125,812	6,703,054
Noninstructional services		1,635	6,771	
Facilities acquisition and construction	693,509	695,022	48,232	
Debt Service:				
Interest				245,859
Other			300,000	750
Total Expenditures	<u>17,911,075</u>	<u>16,214,328</u>	<u>15,200,782</u>	<u>14,122,511</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,749,446)</u>	<u>(206,628)</u>	<u>422,798</u>	<u>527,340</u>
<b>Other Financing Sources (Uses):</b>				
Insurance recovery		58,417	133,529	9,668
Sale of other property				127,766
Operating transfers in	5,116,108	37,762	43,337	1,054,331
Other financing sources	31,100	31,100	39,500	
Operating transfers out	(367,803)	(358,699)	(8,523,043)	(413,082)
Other financing uses	(50,000)	(50,000)	(50,000)	(4,167)
Total Other Financing Sources (Uses)	<u>4,729,405</u>	<u>(281,420)</u>	<u>(8,356,677)</u>	<u>774,516</u>
Net Change in Fund Balances	<u>2,979,959</u>	<u>(488,048)</u>	<u>(7,933,879)</u>	<u>1,301,856</u>
<b>Fund Balances:</b>				
July 1, as previously reported	6,444,009	6,932,057	14,865,810	10,408,612
Prior period adjustments	1,649		126	3,155,342
July 1, as restated	<u>6,445,658</u>	<u>6,932,057</u>	<u>14,865,936</u>	<u>13,563,954</u>
June 30,	<u>\$ 9,425,617</u>	<u>6,444,009</u>	<u>6,932,057</u>	<u>14,865,810</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**BAY ST. LOUIS/WAVELAND SCHOOL DISTRICT**

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

"UNAUDITED"

	2014	2013*	2012*	2011*
<b>Revenues:</b>				
Local sources	\$ 8,918,074	8,927,819	9,171,456	9,240,439
State sources	8,696,082	8,570,987	7,802,936	7,050,011
Federal sources	8,649,207	5,336,132	9,687,001	7,010,430
Sixteenth section sources	2,400	6,628	4,800	5,684
Total Revenues	<u>26,265,763</u>	<u>22,841,566</u>	<u>26,666,193</u>	<u>23,306,564</u>
<b>Expenditures:</b>				
Instruction	10,152,876	10,323,475	10,923,281	10,012,228
Support services	9,650,968	8,459,933	10,843,824	8,464,280
Noninstructional services	1,148,831	1,249,469	1,409,083	1,634,910
Sixteenth section	1,117	1,252	4,002	
Facilities acquisition and construction	4,484,954	1,140,022	1,865,331	548,002
Debt service:				
Principal	802,906	770,153	732,543	710,068
Interest	284,673	315,226	344,386	614,416
Other	2,550	2,550	302,550	9,050
Total Expenditures	<u>26,528,875</u>	<u>22,262,080</u>	<u>26,425,000</u>	<u>21,992,954</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(263,112)</u>	<u>579,486</u>	<u>241,193</u>	<u>1,313,610</u>
<b>Other Financing Sources (Uses):</b>				
Insurance recovery		58,417	133,529	9,668
Sale of other property	737,030			127,766
Operating transfers in	5,494,740	405,358	8,632,618	1,390,844
Other financing sources	31,100	31,100	39,500	
Operating transfers out	(5,494,740)	(405,358)	(8,632,618)	(1,531,420)
Other financing uses	(50,000)	(50,000)	(50,000)	(26,819)
Total Other Financing Sources (Uses)	<u>718,130</u>	<u>39,517</u>	<u>123,029</u>	<u>(29,961)</u>
Net Change in Fund Balances	<u>455,018</u>	<u>619,003</u>	<u>364,222</u>	<u>1,283,649</u>
<b>Fund Balances:</b>				
July 1, as previously reported	11,453,039	10,834,226	10,467,001	9,154,870
Prior period adjustment	(70,842)		126	35,493
July 1, as restated	<u>11,382,197</u>	<u>10,834,226</u>	<u>10,467,127</u>	<u>9,190,363</u>
Increase (decrease) in inventory	8,632	(190)	2,877	(7,011)
June 30,	<u>\$ 11,845,847</u>	<u>11,453,039</u>	<u>10,834,226</u>	<u>10,467,001</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Bay St. Louis/Waveland School District

We have audited, in accordance with the 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 Bay St. Louis /Waveland School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Bay St. Louis/Waveland School District's basic financial statements, and have issued our report thereon dated January 16, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the school district's internal control. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control.

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
January 16, 2015

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Superintendent and School Board  
Bay St. Louis/Waveland School District

**Report on Compliance for Each Major Federal Program**

We have audited Bay St. Louis /Waveland 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 Bay St. Louis/Waveland School District's major federal program for the year ended June 30, 2014. The Bay St. Louis /Waveland School District's major federal program is identified in the summary of the 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 Bay St. Louis /Waveland School District's major federal program 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 the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the school district's compliance.

## Opinion on Each Major Federal Program

In our opinion, the Bay St. Louis /Waveland 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 its major federal programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

Management of the Bay St. Louis /Waveland School District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bay St. Louis /Waveland School District's internal control over compliance with the types of requirements that could have a direct and material effect on its 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 effectiveness of the school district's internal control over compliance.

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
January 16, 2015

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Bay St. Louis/Waveland School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bay St. Louis/Waveland School District as of and for the year ended June 30, 2014, which collectively comprise the Bay St. Louis/Waveland School District's basic financial statements and have issued our report thereon dated January 16, 2015. 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 ensure 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 \$0 of classroom supply funds carried over from previous years.

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

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

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

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

1929 SPILLWAY ROAD, SUITE B  
BRANDON, MISSISSIPPI 39047  
TELEPHONE 601-992-5292 FAX 601-992-2033

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
January 16, 2015

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Bay St. Louis/Waveland School District**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

8. Dollar threshold used to distinguish between type A and type B programs: \$357,599.
9. Auditee qualified as low-risk auditee? No.

Section II: Financial Statement Findings

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