

JOPLIN SCHOOLS
JOPLIN, MISSOURI
BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2014

MENSE, CHURCHWELL & MENSE, P.C.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Education
Joplin Schools
Joplin, Missouri 64801

We have audited the accompanying financial statements of Joplin Schools, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the 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 the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion 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 *Governmental 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

Entity's internal control. Accordingly, we express no such opinion. An audit also includes Evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Joplin Schools, as of June 30, 2014, and the respective changes in financial position – modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

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 4 through 13 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 Joplin Schools' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2014, on our consideration of the Joplin Schools' 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 Joplin Schools' internal control over financial reporting and compliance.

Mense Churchwell & Mense, P.C.

Mense, Churchwell & Mense, P.C.
Certified Public Accountants

Joplin, Missouri
December 7, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Joplin Schools
Joplin, Missouri
Management's Discussion and Analysis
Year Ended June 30, 2014

The Management's Discussion and Analysis (MD&A) of Joplin Schools' financial performance provides an overall review of the modified-cash basis financial activities for the fiscal years ended June 30, 2014 and 2013. The reader is encouraged to consider the information presented here in conjunction with additional information presented in the financial statements, notes to the financial statements, required supplementary information and other supplementary information to enhance their understanding of the District's modified-cash basis financial performance.

The financial statements of the District have been prepared on the modified-cash basis of accounting, as applied to local governmental units, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Differences in the modified-cash basis of accounting and accounting principles generally accepted in the United States of America arise in the recognition of revenue when received, rather than when earned, and the presentation of expenditures/expenses when paid versus when incurred, except for accrued payroll for which liabilities and expenditures are recorded when incurred. Additional information of the District's modified-cash basis of accounting can be found in *Note A*.

Financial Highlights

The modified-cash basis total assets of the Joplin Schools exceeded its liabilities at the end of fiscal year 2014 ("FY 14") by \$25,320,520 (net positions) as compared to \$127,455,362 (net position) in fiscal year 2013 ("FY 13"). For FY 14, \$6,328,346 (unrestricted net position) may be used to meet the District's ongoing obligations versus \$9,367,683 (unrestricted net position) at the end of FY 13.

For FY 14, the governmental funds reported a combined ending fund balance (modified-cash basis) of \$23,077,043, a decrease of \$100,975,762 from the prior year. For FY 13, the combined ending fund balance (modified-cash basis) was \$124,052,805, an increase of \$39,382,926 from the previous year.

The combined modified-cash basis unreserved fund balance for the General and Special Revenue (Teachers') Fund as of June 30, 2014, was \$7,031,263, or 10.6% of the FY 14 expenditures of these funds. The June 30, 2013, balance was \$10,220,140, or 14.9% of the FY 13 expenditures of these funds.

In FY14, the multi-year financial planning process included transfers of \$3,771,200 out of the General Fund to the Capital Projects Fund. The transfers to the Capital Projects Fund, and accumulated reserves from prior year transfers provided Capital Projects Fund Balance of \$8.6 million, which is available to use for rebuilding projects.

The modified-cash basis fund balances for FY14 for all governmental funds decreased by \$101.0 million. For FY13 the governmental fund balances increased by \$39.4 million.

The net position (modified-cash basis) of the internal service fund (Self-funded health and dental plan) decreased by \$1,159,080 in FY 14 and decreased by \$726,582 in FY 13. Although the total number and dollar amount of health claims in a year is not predictable, the goal is to increase the Self-Insurance Health Fund balance (which funds employee claims) to a reasonable level that can sustain payments in unusually high claims years. The current reinsurance deductible the fund pays for individual claims is \$200,000. The number of random occurrences of these high dollar claims in any given year is the primary determinant over time as to whether or not the fund pays a high amount of employee claims. The federally mandated affordable care act (ACA) generated over \$400,000 per year more in employee claims in FY 14 than in prior years. This increase in employee claims prompted a review of the Self-Insurance Health Fund balance, and an increase to health premiums for the FY 15 budget.

In April 2012, voters approved a total of \$62 million of general obligation bonds to provide a source of revenue to rebuild schools destroyed by the May 22, 2011 tornado. The bond term is 20 years. On July 24, 2012, the Board of Education approved a resolution authorizing the first of two bond sales of \$35 million of bonds. On April 30, 2013, the Board of Education approved a resolution authorizing the final bond sale of \$27 million. The \$62 million proceeds from the bond sale were placed into the Capital Projects Fund in August, 2012 and May, 2013 and used to complete the voter-approved project.

Based on the modified-cash basis of accounting, bond proceeds are considered revenue in the year received, and, in the same way as other collected revenues, the amounts are reflected in fund balances until expended. When expended, fund balances from revenues collected in prior years will decrease in subsequent years as the building project progresses. The decreases described in net assets for FY 14 are primarily due to the significant capital projects expenditures from the building project.

In January 2014, two new school sites were completed: East Middle School/Soaring Heights Elementary School and Irving Elementary School. In addition, community safe rooms at ten locations were completed and functional.

Overview of the Financial Statements

The annual financial report consists of four parts:

- Management’s discussion and analysis (this section)
- Basic financial statements (district-wide and fund financial statements), including notes to the financial statements
- Required supplementary information, consisting of budgetary comparisons for the general and major special revenue funds
- Other supplementary information, including other budgetary comparison schedules and other schedules

The basic financial statements consist of two different kinds of statements that present different views of the District’s modified-cash basis financial activities.

- District-wide financial statements – these financial statements provide information about the District’s overall financial status both short-term (the recently completed fiscal year) and long-term. The district-wide statements include the Statement of Net Position and Statement of Activities.
- Fund financial statements – these financial statements focus on individual funds of the District and report the District’s operations in more detail than the district-wide statements.

The notes to the financial statements provide further explanation of some of the information in the statements and provide additional disclosures and more detailed data. This will allow statement readers to have a more complete description and understanding of the District’s modified-cash basis financial activities and position.

The required supplementary information provides original and final budget and actual amounts for the District’s general and major special revenue funds.

Other supplementary information, including budgetary comparisons for the District’s other governmental funds and other schedules further explain and support the financial statements and provide information to meet various state and federal reporting requirements.

The major features of the District’s modified-cash basis financial statements, including the portion of the District’s activities reported and the type of information contained is shown in Table 1.

Table 1**Major Features of the District-Wide and Fund Financial Statements**

	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Internal Service Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities that serve other departments of the District on a cost reimbursement basis, such as the self-funded benefit program	Instances in which the District administers resources on behalf of someone else (i.e. scholarship funds)
Required financial statements	<ul style="list-style-type: none"> • Statement of net position (modified-cash basis) • Statement of activities (modified-cash basis) 	<ul style="list-style-type: none"> • Statement of assets, liabilities and fund balances (modified-cash basis) • Statement of revenues collected, expenditures, and changes in fund balances (modified-cash basis) • Budgetary comparison schedules (modified-cash basis) for general and major special revenue funds 	<ul style="list-style-type: none"> • Statement of net position (modified-cash basis) • Statement of revenues collected, expenses, and changes in net position (modified-cash basis) 	<ul style="list-style-type: none"> • Statement of fiduciary net position (modified-cash basis) • Statement of changes in fiduciary net position (modified-cash basis)
Accounting basis and measurement focus	Modified-cash basis of accounting and cash and investments resources focus	Modified-cash basis of accounting and cash and investment resources focus	Modified-cash basis of accounting and cash resources focus	Modified-cash basis of accounting and cash resources focus
Type of asset/liability information	Cash and investment assets and accrued payroll liabilities; no other assets or liabilities including capital assets or long-term liabilities included	Cash and investment assets and accrued payroll liabilities; no other assets or liabilities, including capital assets or long-term liabilities included	Cash assets; no other assets or liabilities included	Cash assets; no other assets or liabilities included
Type of inflow/outflow information	Revenues collected for which cash is received during the year; expenses when paid, except for payroll and related benefits which are recognized when incurred and the related liability is due and payable	Revenues collected for which cash is received during the year; expenditures when paid, except for payroll and related benefits which are recognized when incurred and the related liability is due and payable	Revenues collected for which cash is received during the year; expenses when paid	Additions for which cash is received during the year; deductions when paid

District-wide Statements

The district-wide statements report information about the District as a whole except for fiduciary activities. The two district-wide statements report the District's net position and how they have changed. Net position, the difference between the District's modified-cash basis assets and liabilities, are one way to measure the District's overall financial condition.

To assess the District's overall financial condition, additional non-financial factors, such as changes in the District's property tax base and the condition of its school buildings and other facilities, should be considered.

In the district-wide financial statements, the District's activities are all classified as governmental activities. Governmental activities include instruction, student services, instructional support staff, building administration, operation of plant, transportation, food service, capital outlay, debt service and community service. Property taxes and federal and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements (modified-cash basis) provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as the District's self-funded benefit program) or to show that it is properly using certain revenues collected (such as contributions held for scholarships).

The District has three kinds of funds:

- Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and investments flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provided a detailed short-term modified-cash basis view that helps you determine whether there are more or fewer cash and investment resources that can be spent in the near future to finance the District's programs.
- Internal service funds – Activities of the District's self-funded health and dental program on a cost reimbursement basis, funded by participants and the District, are reported as an internal service fund.
- Fiduciary fund – The District serves in a fiduciary capacity and accounts for cash assets that are held for the benefit of individuals or private organizations. The District is responsible for ensuring that the cash assets reported in this fund are used only for their intended purpose and to whom the cash assets belong. The District excludes this fund from the district-wide financial statements because it cannot use these cash assets to finance its operations.

Financial Analysis of the District as a Whole

Table 2 provides a summary of the District's modified-cash basis net position for the years ending June 30, 2014 and 2013.

Table 2

Statement of Net Position (Modified-Cash Basis)

	Governmental Activities 2014	Governmental Activities 2013
Assets		
Cash and cash equivalents	\$ 10,449,038	\$ 13,663,187
Restricted cash and cash equivalents	15,746,758	115,247,356
Restricted investments	<u>3,245,416</u>	<u>2,840,323</u>
Total assets	<u>29,441,212</u>	<u>131,750,866</u>
Liabilities		
Accrued payroll		
Wages	2,993,889	3,115,947
Payroll taxes and withholding	<u>1,126,803</u>	<u>1,179,557</u>
Total liabilities	<u>4,120,692</u>	<u>4,295,504</u>
Net Position		
Restricted for debt service	7,468,806	6,649,181
Restricted for employee health and dental claims	2,243,477	3,402,557
Restricted for construction	-	26,082,227
Restricted for designated gifts	702,917	852,457
Committed for capital projects	8,576,974	81,101,257
Unrestricted	<u>6,328,346</u>	<u>9,367,683</u>
Total net position	<u>\$ 25,320,520</u>	<u>\$ 127,455,362</u>

Total net position decreased by \$102.1 million (80%) in FY 14, and increased by \$38.7 million (44%) during FY 13. The discussion regarding the changes in net position occurred can be found on page 12.

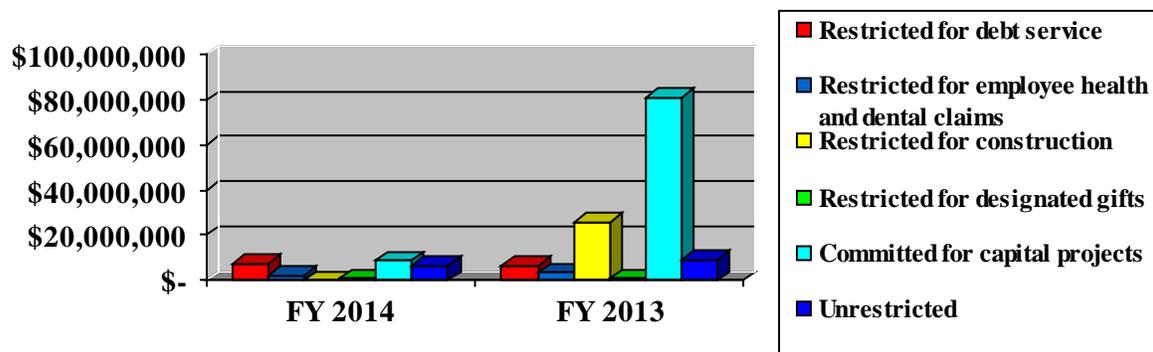


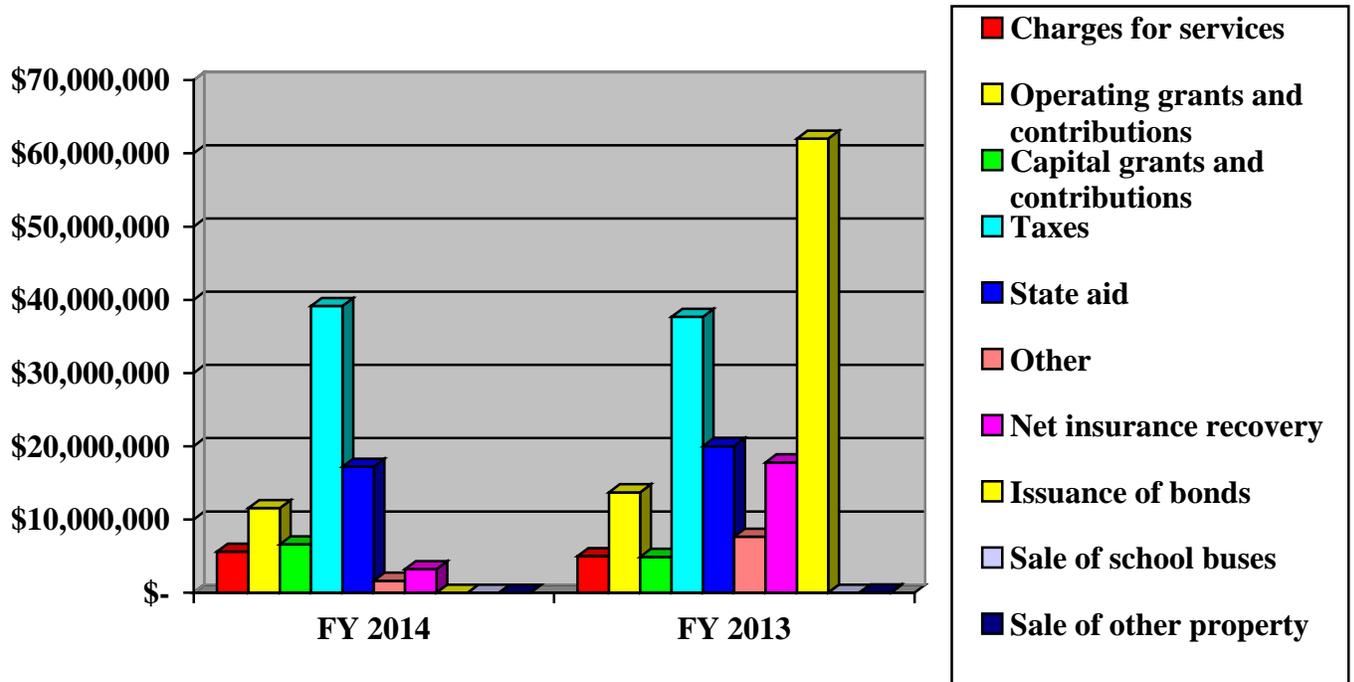
Table 3 provides the changes in net position (modified-cash basis) for the years ended June 2014 and 2013.

Table 3

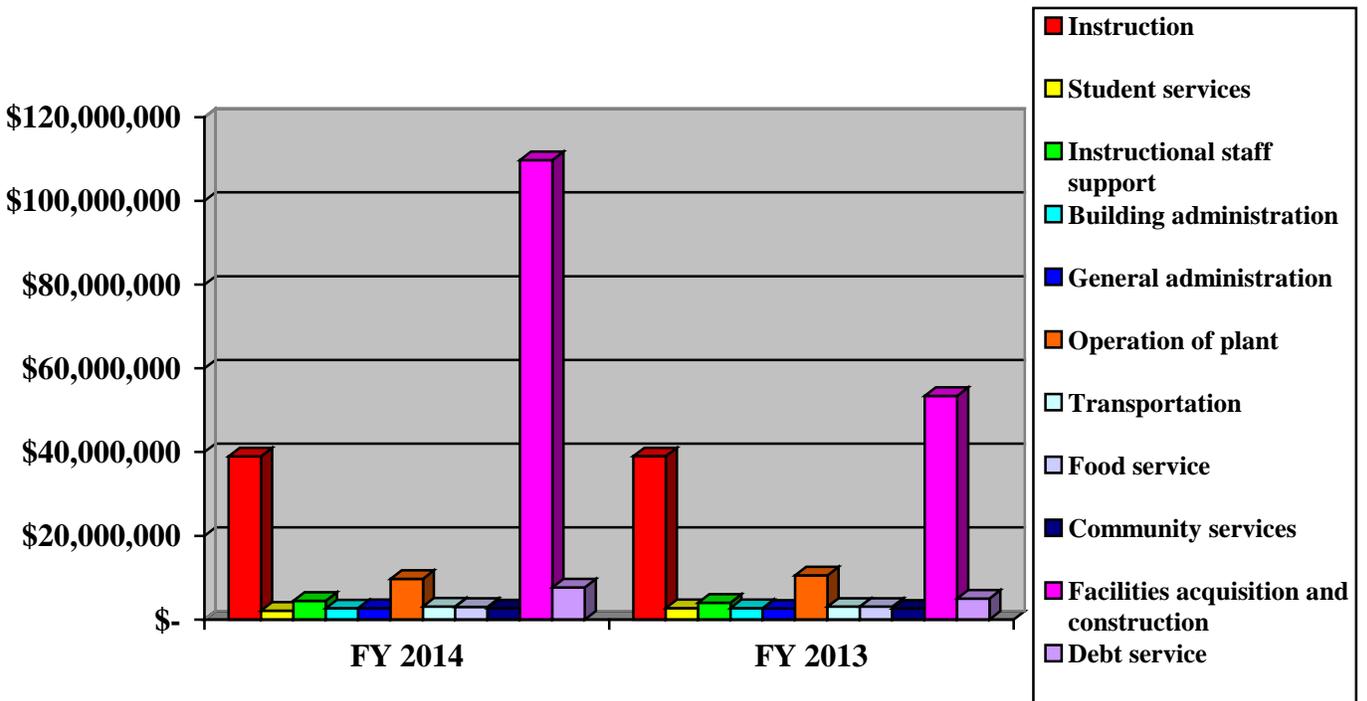
Changes in Net Position (Modified-Cash Basis)

	Governmental Activities 2014	Governmental Activities 2013
Revenues collected		
Program revenues collected		
Charges for services	\$ 5,601,545	\$ 4,992,940
Operating grants and contributions	11,556,482	13,722,054
Capital grants and contributions	6,609,958	4,886,814
General revenues collected		
Taxes	39,141,223	37,669,135
State aid	17,214,810	20,012,079
Other	<u>1,635,809</u>	<u>7,658,896</u>
Total revenues collected	<u>81,759,827</u>	<u>88,941,918</u>
Expenses		
Instruction	38,998,023	39,042,810
Student services	2,140,828	2,757,234
Instructional staff support	4,482,578	4,053,966
Building administration	2,700,982	2,750,530
General administration	2,748,073	2,645,085
Operation of plant	9,734,458	10,579,065
Transportation	3,122,029	3,104,044
Food service	3,056,073	3,109,854
Community services	2,701,361	2,620,272
Facilities acquisition and construction	109,732,460	53,432,223
Debt service	<u>7,690,411</u>	<u>6,023,786</u>
Total expenses	<u>187,107,276</u>	<u>130,118,869</u>
Special Items		
Net insurance recovery	3,210,762	17,787,891
Issuance of bonds	0	62,000,000
Sale of school buses	0	4,352
Sale of other property	<u>1,845</u>	<u>41,052</u>
Total	<u>3,212,607</u>	<u>79,833,295</u>
Decrease in net position	(102,134,842)	38,656,344
Net position, Beginning of Year	<u>127,455,362</u>	<u>88,799,018</u>
Net position, End of Year	<u>\$ 25,320,520</u>	<u>\$ 127,455,362</u>

TOTAL REVENUES



TOTAL EXPENDITURES



Governmental and Business-Type Activities

As shown in Table 3, general revenues collected provided 70.9% and 73.5% of the total funding for governmental activities for the years ended June 30, 2014 and 2013, respectively. Joplin Schools relies on taxes for funding its governmental activities with 48% and 42% of total revenues collected coming from taxes for the years ended June 30, 2014 and 2013, respectively.

The changes in the District's overall modified-cash basis financial position, a decrease in net position for fiscal year 2014 of \$102,134,842, can be attributed primarily to the following:

- Receipt of \$3.2 million insurance proceeds and \$3.0 million FEMA proceeds for tornado damage and temporary expenditures. Expenditures to reconstruct and replace items lost will be made in FY15.
- Facilities acquisition and construction costs of \$109.7 million in FY14. Most of these costs are tornado related, for permanent facilities and contents.

Table 4 presents the cost of each of the major district governmental activities. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 4

Net Cost of Governmental Activities (Modified-Cash Basis)

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Expenses				
Instruction	\$ 38,998,023	\$ 24,770,183	\$ 39,042,808	\$ 28,052,967
Student services	2,140,828	2,140,828	2,757,234	2,757,234
Instructional staff support	4,482,578	4,024,697	4,053,966	3,631,294
Building administration	2,700,982	2,700,982	2,750,530	2,750,530
General administration	2,748,073	2,748,073	2,645,085	2,645,085
Operation of plant	9,734,458	7,646,489	10,579,065	8,789,378
Transportation	3,122,029	2,445,106	3,104,044	2,339,568
Food service	3,056,073	141,794	3,109,854	26,744
Community services	2,701,361	177,439	2,620,272	719,322
Facilities acquisition and construction	109,732,460	108,853,289	53,432,223	48,263,432
Debt service	7,690,411	7,690,411	6,023,786	6,023,786
	<hr/>			
Total	\$ 187,107,276	\$ 163,339,291	\$ 130,118,867	\$ 105,999,340
	<hr/>			

Table 4 provides the following highlights:

- Instruction expenses are increased by \$1,159,195 for FY 14 and increased by \$727,335 for FY 13 to reflect the net operating activity of the Internal Service Fund.
- The total cost of all governmental activities for FY 14 was \$187 million, as compared to \$130 million in FY 13.

- Instruction represents 21% and 30% of the total cost of all governmental activities of the District for FY 14 and FY 13, respectively.
- The net cost of all governmental activities was \$163.3 million in FY 14, with \$23.8 million of the total cost being financed by revenues collected generated by the governmental activities. These figures were \$106.0 million and \$24.1 million in FY 13.
- Operation of Plant represents 5.2% and 8.1% of the total cost of all governmental activities of the District for FY 14 and FY 13, respectively.

Financial Analysis of the District's Funds

The modified-cash basis financial performance of the District as a whole is reflected in its governmental funds as well. The District completed the year with a total governmental fund balance of \$23,077,043, a decrease of \$100,975,762 over the previous year.

The District budgeted a planned deficit of \$(4,442,321) in the General Fund, but ended the year with a decrease of (\$3,193,558), or a positive variance of \$1,248,763. The significant variance (positive) from the final budget in the operating fund (General and Special Revenue Funds) was primarily the result of the following factors:

- The District received approximately \$3.2 million less in revenues collected than was budgeted.
- The District expended approximately \$5.3 million less than was budgeted.
- The District transferred approximately \$1.2 million less than was budgeted out of the general fund to the Special Revenue Fund, and approximately \$2.1 million more than was budgeted out of the General Fund to the Capital Projects Fund.

General Fund Budgetary Highlights

The District follows a conservative approach to budgeting by underestimating revenues collected and overestimating expenditures within a reasonable range.

The District adopts a final budget in June each year for the following fiscal year. However, it is anticipated that budget amendments will be made periodically as additional information becomes available. Generally, the original budget is amended several times a year. For FY 14, the General Fund budget amendments included:

- Increasing state and federal grant revenues and expenditures by approximately \$1.5 million.
- Increasing General Fund expenditures by \$645,000 for temporary facility leases and tornado related costs.
- Increasing General Fund expenditures by \$1,250,000 for large health plan claims in FY 14.

Capital Assets

The District operates under the modified-cash basis of accounting, therefore, capital asset purchases are recorded as expenditures/expenses and depreciation is not recognized. Capital assets are not reflected in the financial statements.

Debt Administration

The District operates under the modified-cash basis of accounting, therefore, payments on long-term debt are recorded as expenditures/expenses. Long-term debt is not reflected in the financial statements. Commitments for long-term debt are disclosed in the notes to the financial statements.

As of June 30, 2014, the District had \$123,310,000 in general obligation bonds outstanding, a \$2,430,000 decrease from the June 30, 2013 balance. At June 30, 2014, the District had no capital leases payable. (More detailed information regarding long-term debt can be found in Note E to the financial statements on pages 30-31.)

The outstanding general obligation bonds of the District have a Standard & Poor's rating of AA+ due to participation in the Missouri School District Direct Deposit Program and purchased insurance coverage. In addition, Standard & Poor's has issued the District an underlying rating of A+, based on local rating characteristics.

The District also incurs obligations for compensated absences and claims associated with the self-funded benefit program. The obligation for vacation and health care claims at June 30, 2014 was \$171,836 and \$883,024, respectively, and for June 30, 2013, was \$196,392 and \$749,341, respectively.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the Joplin Schools' modified-cash basis finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Joplin Schools, P.O. Box 128, Joplin MO 64802.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

JOPLIN SCHOOLS
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
June 30, 2014

	Governmental Activities	Component Unit
ASSETS		
Cash and cash equivalents	\$ 10,449,038	\$ 181,093
Restricted cash and cash equivalents	15,746,758	460,576
Restricted investments	3,245,416	223,505
TOTAL ASSETS	29,441,212	865,174
LIABILITIES		
Accrued wages	2,993,889	-
Accrued payroll taxes	1,126,803	-
TOTAL LIABILITIES	4,120,692	-
NET ASSETS		
Restricted for debt service	7,468,806	-
Committed for capital projects	8,576,974	-
Restricted for employee health and dental claims	2,243,477	
Restricted for endowment funds	-	223,505
Temporarily restricted for tornado recovery	-	402,925
Temporarily restricted for designated gifts	702,917	49,896
Unrestricted	6,328,346	188,848
TOTAL NET ASSETS	\$ 25,320,520	\$ 865,174

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES - GOVERNMENTAL FUNDS -
MODIFIED CASH BASIS
June 30, 2014

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Government Funds
ASSETS					
Cash and cash equivalents	\$ 6,520,075	\$ 3,928,963	\$ -	\$ -	\$ 10,449,038
Restricted cash and cash equivalents	702,917	-	4,223,390	8,576,974	13,503,281
Restricted investments	-	-	3,245,416	-	3,245,416
TOTAL ASSETS	\$ 7,222,992	\$ 3,928,963	\$ 7,468,806	\$ 8,576,974	\$ 27,197,735
LIABILITIES					
Accrued Payroll					
Wages	125,984	2,867,905	-	-	2,993,889
Payroll taxes and withholdings	65,745	1,061,058	-	-	1,126,803
TOTAL LIABILITIES	191,729	3,928,963	-	-	4,120,692
FUND BALANCES					
Restricted for debt service	-	-	7,468,806	-	7,468,806
Restricted for designated gifts	702,917	-	-	-	702,917
Committed for capital projects	-	-	-	8,576,974	8,576,974
Unassigned	6,328,346	-	-	-	6,328,346
TOTAL FUND BALANCES	7,031,263	-	7,468,806	8,576,974	23,077,043
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,222,992	\$ 3,928,963	\$ 7,468,806	\$ 8,576,974	\$ 27,197,735

RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES -
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS TO THE STATEMENT OF NET ASSETS -
MODIFIED CASH BASIS

Total Fund Balances - Governmental Funds	\$ 23,077,043
Amounts reported for governmental activities in the statement of net assets are different because:	
An internal service fund is used by the District's management to charge the costs of the self-funded healthcare plan to the individual funds. The assets of the internal service fund are included in governmental activities in the statement of net assets - modified cash basis	2,243,477
Net Assets of Governmental Activities	\$ 25,320,520

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS
STATEMENT OF REVENUES COLLECTED EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES COLLECTED					
Local	\$ 26,519,868	\$ 7,885,811	\$ 8,118,026	\$ 4,910,462	\$ 47,434,167
County	988,184	201,064	392,010	-	1,581,258
State	4,663,987	15,594,588	-	857,786	21,116,361
Federal	6,969,123	2,688,254	-	879,171	10,536,548
Other	26,106	1,066,617	-	-	1,092,723
TOTAL REVENUES COLLECTED	39,167,268	27,436,334	8,510,036	6,647,419	81,761,057
EXPENDITURES					
Instruction	6,223,898	30,455,105	-	1,159,825	37,838,828
Student services	885,945	1,254,883	-	-	2,140,828
Instructional staff support	1,870,892	2,078,787	-	532,899	4,482,578
Building administration	891,362	1,809,620	-	-	2,700,982
General administration	2,388,567	256,320	-	103,186	2,748,073
Operation of plant	9,734,458	-	-	-	9,734,458
Transportation	2,502,676	-	-	619,353	3,122,029
Food service	2,981,113	-	-	74,960	3,056,073
Adult basic education	36,821	163,203	-	-	200,024
Adult continuing education	658,841	1,021,341	-	2,158	1,682,340
Community services	788,710	18,737	-	11,550	818,997
Facilities acquisition and construction	-	-	-	109,732,460	109,732,460
Debt service	-	-	7,690,411	-	7,690,411
TOTAL EXPENDITURES	28,963,283	37,057,996	7,690,411	112,236,391	185,948,081
EXCESS (DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES	10,203,985	(9,621,662)	819,625	(105,588,972)	(104,187,024)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	9,621,662	-	3,771,200	13,392,862
Operating transfers (out)	(13,392,862)	-	-	-	(13,392,862)
Net insurance recovery	-	-	-	3,210,762	3,210,762
Sale of other property	-	-	-	500	500
TOTAL OTHER FINANCING SOURCES (USES)	(13,392,862)	9,621,662	-	6,982,462	3,211,262
EXCESS (DEFICIT) OF REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	(3,188,877)	-	819,625	(98,606,510)	(100,975,762)
FUND BALANCE, July 1, 2013	10,220,140	-	6,649,181	107,183,484	124,052,805
FUND BALANCE June 30, 2014	<u>\$ 7,031,263</u>	<u>\$ -</u>	<u>\$ 7,468,806</u>	<u>\$ 8,576,974</u>	<u>\$ 23,077,043</u>

RECONCILIATION OF THE STATEMENT OF REVENUE COLLECTED, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS TO THE
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Net change in fund balances - total governmental funds - modified cash basis	\$ (100,975,762)
An internal service fund is used by the District's management to charge the costs of the self-funded health care plan to the individual funds. The net expenses of the activities of the internal service fund is reported with governmental activities	<u>(1,159,080)</u>
Change in net assets of governmental activities - modified cash basis	<u>\$ (102,134,842)</u>

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS
STATEMENT OF NET ASSETS - INTERNAL SERVICE FUND - MODIFIED CASH BASIS
June 30, 2014

	<u>Internal Service Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 2,243,477</u>
TOTAL ASSETS	<u><u>\$ 2,243,477</u></u>
NET ASSETS	
Committed for Health and Dental Claims	<u>\$ 2,243,477</u>
TOTAL NET ASSETS	<u><u>\$ 2,243,477</u></u>

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS
STATEMENT OF REVENUES COLLECTED, EXPENSES PAID AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUND - MODIFIED CASH BASIS
 Year Ended June 30, 2014

	<u>Internal Service Fund</u>
REVENUES COLLECTED	
Charges for services	\$ 4,761,237
TOTAL REVENUES COLLECTED	<u>4,761,237</u>
EXPENSES PAID	
Insurance claims and administrative expenses	5,920,432
TOTAL EXPENSES PAID	<u>5,920,432</u>
OPERATING INCOME (LOSS)	<u>(1,159,195)</u>
 NONOPERATING REVENUES COLLECTED	
Interest	115
TOTAL NONOPERATING REVENUES COLLECTED	<u>115</u>
NET INCOME (LOSS)	(1,159,080)
 NET ASSETS, July 1, 2013	<u>3,402,557</u>
NET ASSETS, June 30, 2014	<u><u>\$ 2,243,477</u></u>

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS
STATEMENT OF NET ASSETS - FIDUCIARY FUND - MODIFIED CASH BASIS
June 30, 2014

	<u>Scholarship Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 555,369</u>
TOTAL ASSETS	<u><u>\$ 555,369</u></u>
NET ASSETS	
Held in trust for student scholarships	<u>\$ 555,369</u>
TOTAL NET ASSETS	<u><u>\$ 555,369</u></u>

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
Year Ended June 30, 2014

	Scholarship Fund
ADDITIONS	
Contributions	\$ 37,196
Interest	34
	37,230
DEDUCTIONS	
Scholarships	41,911
	41,911
NET INCOME (LOSS)	(4,681)
NET ASSETS, July 1, 2013	560,050
NET ASSETS, June 30, 2014	\$ 555,369

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District has adopted the reporting model as required by GASB Statement No. 34, for the presentation of information in the government-wide financial statements and the major fund statements. The more significant of the District’s accounting policies are described below.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

GASB Statement No. 39, *Determining Whether Certain Organization are Component Units*, which amended GASB Statement No. 14, provides specific criteria which must be met in order for an organization to be included in the District’s financial statements. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The District is a primary government, which is governed by an elected seven-member board. As required by accounting principles generally accepted in the United States of America, the District has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The following entity is included in the District’s annual financial statement, as it is part of the District’s entity based on the criteria established in GASB Statement No. 39:

Joplin Schools Foundation: This component unit was incorporated as a not-for-profit organization whose stated purpose is to support the District and the students. The financial information presented for the Joplin Schools Foundation has been discretely presented in the Statement of Net Position and the Statement of Activities. Complete financial statements for the Joplin Schools Foundation may be obtained from the Joplin Schools Foundation’s secretary.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity for which the District would be considered as a component unit of that entity.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except fiduciary funds. The statements present governmental activities generally financed through taxes, intergovernmental revenues collected, and other non-exchange transactions.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues collected and expenditures. The District has governmental funds, a proprietary fund and a fiduciary fund. The funds of the District are all considered major funds.

The funds presented in the accompanying basic financial statements include all funds established under Missouri Revised Statutes and controlled by the Board of Education. The purpose of each fund is:

General Fund – Accounts for expenditures for non certified employees, school transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any expenditure not required or permitted to be accounted for in other funds.

Special Revenue Fund – Accounts for expenditures for certified employees involved in administration and instruction, and includes revenues collected restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District's tax levy.

Debt Service Fund – Accounts for revenues collected designated for the retirement of principal and interest on the District's long-term debt.

Capital Projects Fund – Accounts for taxes and other revenues collected designated for acquisition or construction of major capital assets and other capital outlay as defined by the State of Missouri statutes.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund – Accounts for monies held in a trustee capacity restricted for student scholarships.

Internal Service Fund – Accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the District. The Internal Service Fund of the District is used to account for the medical, dental, and prescription drug self-insurance program.

Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund equity, revenues collected, and expenditures when they result from cash transactions. The modification of the cash basis of accounting relates to the presentation of investments and payroll liabilities. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The measurement focus of the government-wide financial statements differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation to identify the relationship between the government-wide financial statements and the statements for governmental funds.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities, with the exception of payroll liabilities and their related expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Capital Outlay

General fixed assets are recorded as expenditures in the Capital Projects Fund at the time the goods received are paid for.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The District's policies regarding compensated absences permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is not recorded in the government-wide financial statements. Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on the employee's rate of pay.

Long-Term Debt

Long-term debt arising from cash transactions of the governmental funds is not reported in the government-wide financial statements or the fund financial statements, which is consistent with the modified cash basis of accounting. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

Teachers' Salaries

The salary payment schedule of the District for the 2013-2014 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2014, payroll checks are included in the financial statements as expenditures in the month of June. The practice has been consistently followed in previous years.

Pooled Cash and Cash Equivalents

Cash and cash equivalents of the individual funds are combined to form a pool of cash and cash equivalents with the exception of the Debt Service Fund, which is kept in separate bank accounts. Cash equivalents of the pooled accounts consist primarily of short-term treasury bills, carried at cost, which approximates the market.

Equity

In the government-wide financial statements, equity is classified as net position and displayed in two components:

- A. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- B. Unrestricted net position – All other net position that do not meet the definition of “restricted.”

It is the District’s policy to first use restricted net position prior to the use of unrestricted net position when expenses are made for purposes for which both restricted and unrestricted net position are available.

Fund Balance Reporting

In the fund financial statements, governmental fund equity is classified as fund balance. The Governmental Accounting Standards Board (GASB) has issued Statement No. 54. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact including amounts associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

Restricted – amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through the same type of action it employed to previously commit those amounts.

Assigned – Fund balance including amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District’s adopted policy, only the Superintendent or their designee may assign amounts for specific purposes.

Unassigned – Fund balance representing the residual classification for the District’s general fund and includes all spendable amounts not contained in the other classifications.

The District’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entry.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

First, nonspendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balances.

It is possible for the non-general funds to have negative unassigned fund balances when nonspendable amount plus the restricted fund balances for specific purposes amount, exceed the positive fund balance for the non-general fund.

Program Receipts

Amounts reported as program receipts include 1) charges to students or others for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental receipts are reported as general receipts. All taxes are classified as general receipts even if restricted for a specific purpose.

NOTE B – CASH AND CASH EQUIVALENTS

Missouri Statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2014, the carrying amount of the district’s deposits was \$29,995,684 and the bank balance was \$33,538,862. Of the bank balance, \$250,000 was covered by federal depository insurance and \$ 33,288,862 was covered by letters of credit held in the district’s name.

NOTE C – INVESTMENTS

The District may purchase any investments allowed by the State Treasurer. These include U.S. Treasury securities, U.S. agency securities, securities issued by the State of Missouri, repurchase agreements, treasury bills, certificates of deposit, bankers’ acceptances and commercial paper.

The District participates in the Missouri Direct Deposit Program which is a mechanism for public school bond repayments through the MOHEFA Bond Program. It authorizes the direct deposit of a portion of the District’s state aid payment by the State of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payments to the paying agent on the bonds. Investments of the District as of June 30, 2014, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Investment Contract Fund with Wells Fargo Bank through the Missouri Direct Deposit Program	N/A	<u>\$ 3,245,416</u>

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE C – INVESTMENTS (Continued)

Investment Contracts with Wells Fargo Bank

The District has funds on deposit with Wells Fargo Bank, which are invested in investment contracts with credit providers whose unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service, in accordance with Section 165.051 and 360 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. Each District investing in the program owns a pro-rata share of each investment, which is held in the name of the fund. Fair market value approximates cost as the District has a pro-rata share of the fund.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensibility of its fair value to changes in market interest rates. The District minimizes interest rate risk by structuring its investment portfolio so that securities mature to meet anticipated cash flows for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds in primarily shorter-term securities.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To protect against credit risk, the District restricts investments to those with a rating of AAA by Standards and Poor's or A1+/P1 by Moody's. These ratings are the highest given by the agencies and indicate a low credit risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To minimize custodial credit risk, it is the District's policy that all securities purchased be perfected in the name of or for the account of the District and be held by a third-party custodian as evidenced by appropriate safekeeping receipts or letter of credit.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a specific maturity, issuer or class of security. The District's investment policy includes minimum diversification standards by security type and issuer and maximum maturity provisions.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE D – TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property taxes and remits them to the District.

The District also receives sales tax collected by the State and remitted based on a prior year weighted average attendance. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year unless the votes have approved a waiver of the rollback provision. The District has voted a full waiver of the rollback provision.

The assessed valuation of the tangible taxable property for the calendar year 2013 for purposes of local taxation was:

Real Estate	\$ 615,076,840
Personal Property	<u>241,433,136</u>
TOTAL ASSESSED VALUATION	<u><u>\$ 856,509,976</u></u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2013 for purposes of local taxation was:

	Unadjusted	Adjusted
General Fund	\$ 2.7500	\$ 2.7500
Debt Service Fund	<u>0.9100</u>	<u>0.9100</u>
TOTAL LEVY	<u><u>\$ 3.6600</u></u>	<u><u>\$ 3.6600</u></u>

The revenues collected of current and delinquent property taxes during the fiscal year ended June 30, 2014, aggregated approximately 97.7% of the current assessment computed on the basis of the levy as shown above.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE E – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at June 30, 2014, consist of:

\$7,100,000 general obligation crossover refunding bonds due in varying annual installments through March 1, 2021; interest at 4.5% to 5.25%.	\$ 5,455,000
\$6,750,000 general obligation bonds due in varying annual installments through March 1, 20127; interest at 4.4% to 5.10%.	5,155,000
\$57,300,000 general obligation bonds due in varying annual installments through March 1, 2027; interest at 4.00% to 5.0%.	50,700,000
\$35,000,000 general obligation bonds due in varying annual installments through March 31, 2032; interest at 2.0% to 5.0%.	35,000,000
\$27,000,000 general obligation bonds due in varying annual installments through March 1, 2033; interest at 3.0% to 5.0%.	27,000,000
	\$ 123,310,000
	\$ 123,310,000

The following is a summary of bond transactions for the year ended June 30, 2014:

Bonds Payable, July 1, 2013	\$ 125,740,000
Bonds retired	(2,430,000)
	\$ 123,310,000
Bonds Payable, June 30, 2014	\$ 123,310,000

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE E – GENERAL OBLIGATION BONDS PAYABLE (Continued)

Debt service requirements are:

Year Ended June 30,	Principal	Interest	Total
2015	\$ 2,715,000	\$ 5,398,512	\$ 8,113,512
2016	3,200,000	5,296,783	8,496,783
2017	3,185,000	5,175,972	8,360,972
2018	3,615,000	5,055,733	8,670,733
2019	3,840,000	4,911,343	8,751,343
2020	4,380,000	4,755,287	9,135,287
2021	4,625,000	4,564,225	9,189,225
2022	5,250,000	4,362,125	9,612,125
2023	5,750,000	4,130,875	9,880,875
2024	6,250,000	3,848,375	10,098,375
2025	6,750,000	3,540,875	10,290,875
2026	7,250,000	3,208,375	10,458,375
2027	7,750,000	2,850,875	10,600,875
2028	7,900,000	2,484,125	10,384,125
2029	8,700,000	2,192,125	10,892,125
2030	9,550,000	1,844,125	11,394,125
2031	10,000,000	1,398,125	11,398,125
2032	11,100,000	932,125	12,032,125
2033	11,500,000	516,813	12,016,813
	<u>\$ 123,310,000</u>	<u>\$ 66,466,793</u>	<u>\$ 189,776,793</u>

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized General Obligation Bonds of a district to 15% of the assessed valuation of the District. The legal debt margin (excluding state assessed railroad and utility) of the District at June 30, 2014, was:

Constitution debt limit	\$ 128,476,496
General obligation bonds payable	(123,310,000)
Amount available in Debt Service Fund	<u>7,468,806</u>
LEGAL DEBT MARGIN	<u><u>\$ 12,635,302</u></u>

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE F – RETIREMENT PLANS

The District contributed to the Public Schools Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to full-time (and certain part-time) certificated employees and death benefits to members and beneficiaries. Positions covered by the Public School Retirement System are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010 - .141 of the Missouri Revised Statutes (1986). The statutes assign responsibility for the administration of the system to a seven-member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PSRS members are required to contribute 14.5% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by PSRS Board of Trustees. The District's contributions to PSRS for the years ending June 30, 2014, 2013, and 2012, were \$8,976,356 \$9,020,168, and \$8,751,900, respectively, equal to the required contributions.

The District also contributes to the Public Education Employee Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to the employees of the District who work 20 or more hours per week and who do not contribute to the Public School Retirement System of Missouri. Positions covered by the Public Education Employee Retirement System are also covered by Social Security. Benefit provisions are set forth in Chapter 169.600 - .715 of the Missouri Revised Statutes (1986). The statutes assign responsibility for the administration of the system of the Board of Trustees of the Public School Retirement System. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Education Employee Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PEERS members are required to contribute 6.86% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of the members and the District are established and may be amended by the Board of Trustees. The Joplin Schools' contributions to PEERS for the years ending June 30, 2014, 2013, and 2012, were \$1,463,839 \$1,509,650, and \$1,399,105, respectively, equal to the required contributions.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE G – COMPENSATED ABSENCES PAYABLE

Compensated absences payable at June 30, 2014, consists of vacation days payable to District employees. The District allows full-time employees to earn 5-20 days of vacation annually, depending on length of service. Employees who leave the District receive payment for accumulated vacation days based on their pay rate. Total compensated absences payable at June 30, 2014 was \$171,836.

NOTE H – SELF INSURANCE FUND

The District maintains a self-funded health insurance program with claims processed by a third party administrator on behalf of the District. A separate Self-Insurance Health Fund (an internal service fund) was created to account for and finance the health insurance program.

The District has established a medical care, dental care, and prescription drug self-insurance plan for substantially all District employees to minimize the total cost of health insurance to the District. This program is for the benefit of the all regular, full-time District employees. Medical claims exceeding an individual participant limit of \$200,000 are covered through a private insurance carrier.

The cash transactions of the health care plan are accounted for in the Self-Insurance Health Fund, an internal service fund. At June 30, 2014, the estimated obligation of health claims based on claims filed prior to, but not yet paid, as of year-end, claims incurred during the year but filed subsequent to year-end, and an additional amount for incurred but not reported claims based on prior experience was \$883,024. Changes in the estimated benefit obligation during the year ended June 30, 2014 are as follows:

Estimated Benefit Obligation, beginning of year	\$	749,341
Claims incurred		5,649,873
Claims paid		(5,516,190)
		883,024
Estimated Benefit Obligation, end of year	\$	883,024

NOTE I – RELATED PARTY TRANSACTIONS

Joplin Schools Foundation (the “Foundation”) indirectly provides services and benefits exclusively to the District. The Foundation was organized as a not-for-profit organization with exemption from income tax under Internal Revenue Service Code Section 501(c)(3) to solicit individual and corporate donations and otherwise raise funds to provide support for the District and its students, and to promote, sponsor and carry out educational, scientific, technological and related activities and objectives. The Foundation transferred a total of \$2,920,045 for tornado recovery, and \$20,530 for the snack pack funds during the year ending June 30, 2014.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE J – RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE K – INTERFUND TRANSFERS

Transfers between funds of the District for the year ended June 30, 2014, were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 13,392,862
Special Revenue Fund	9,621,662	-
Capital Projects Fund	3,771,200	-
	\$ 13,392,862	\$ 13,392,862

The District is required to make a transfer from the General Fund to the Special Fund to cover the excess of expenditures over revenues collected each year. The District makes allowed transfers from the General Fund to the Capital Projects Fund to cover expenditures and build balances as allowed by state law.

NOTE L – RECONCILIATION TO ANNUAL SECRETARY OF THE BOARD REPORT (ASBR)

Fiduciary Fund

For ASBR reporting, the District has recorded revenues collected, expenditures and fund balance of the private purpose trust fund within the General Fund, however, for the fund financial statements the Fiduciary Fund is separately reported and therefore is not included as part of the General Fund.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE L – RECONCILIATION TO ANNUAL SECRETARY OF THE BOARD REPORT
(ASBR) (Continued)

Fiduciary Fund

The revenues collected, expenditures and fund balances of the General Fund as presented in the fund financial statement are reconciled to the ASBR as follows:

Total General Fund revenues collected per Statement of Revenues Collected, Expenditures and Changes in Fund Balances - Modified Cash Basis	\$ 39,167,268
Plus: Private-Purpose Trust Fund revenues collected	37,230
	\$ 39,204,498
Total General Fund expenditures per Statement of Revenues Collected, Expenditures and Changes in Fund Balances - Modified Cash Basis	\$ 28,963,283
Plus: Private-Purpose Trust Fund expenditures	41,911
	\$ 29,005,194

NOTE M – OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note F, the District provides healthcare benefits to employees who retire, or who have retired, and receive or are eligible to receive benefits under the retirement plans described in Note F, as mandated by Section 169.590 of the Missouri Revised Statutes. Retirees must apply for coverage within 30 days of their effective retirement date in order to be eligible to participate in the plan, which is funded on a pay-as-you-go basis. The amount of expenses incurred by the plan for benefits to retirees during the year ended June 30, 2014, is not reasonably determinable.

NOTE N – OPERATING LEASES

Due to the May 22, 2011 tornado that passed through the City of Joplin, MO, many of the schools within the Joplin School District were destroyed. The District entered into multiple three year operating lease agreements to rent property to be used as temporary schools while waiting on the reconstruction of the schools that were destroyed. Lease payments for temporary facilities for Franklin Technology Center, East Middle School and Memorial Auditorium were terminated by June 30, 2014.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE N – OPERATING LEASES (Continued)

The following is the future monthly lease payment schedule for the temporary Joplin High School (11-12):

Joplin High School	
Northpark Mall/Joplin LLC	\$ 11,188
Kir Joplin L.P. (50% reduction 9/1/14)	<u>41,667</u>
Total monthly lease payment	<u><u>\$ 52,855</u></u>

Total rent expense for the year ended June 30, 2014 under these operating leases was \$2,187,395.77.

Effective October 1, 2014, the District’s lease agreement with the Missouri Highways and Transportation Commission for the short-term use of the administration building was extended through May 31, 2015 at a cost of \$1,000 per month.

NOTE O – COMMITMENTS AND CONTINGENCIES

The District is committed to multiple construction contracts for the reconstruction of the schools that were destroyed in the tornado. The following is summary of committed costs to rebuild the destroyed schools as of June 30, 2014:

Joplin High School and Franklin Technology Center	\$ 40,670,169
East Middle School and Soaring Heights School	1,945,892
Irving Elementary School	1,623,277
Community Safe Rooms	<u>10,969,134</u>
	<u><u>\$ 55,208,472</u></u>

The funding for the rebuilding of schools that were destroyed by the tornado will come from a combination of insurance proceeds, federal and state funds, bond proceeds, and donations.

Litigation

Various claims and lawsuits are pending against the District. In the opinion of the District management, the potential loss on all claims and lawsuits will not be material to the District’s financial statements taken as a whole.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE O – COMMITMENTS AND CONTINGENCIES (Continued)

Grant Audits

The District receives Federal grants and State funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. The District is not aware of any material noncompliance with federal or state provisions that might require the District to provide reimbursement.

Protested Taxes

Each year, the County remits certain unresolved protested tax payments to the District. The County notifies the District when a taxpayer is successful in their protests, and the District refunds the tax payments to the County. Normal refunds of protested tax payments are not material in relation to the District's financial position and results of operations.

NOTE P – SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 7, 2014, the date the financial statements were issued.

On August 29, 2014, the District completed a \$37 million short-term lease purchase agreement with a final maturity date of August, 2016. This lease purchase funding provides short-term funds needed to complete construction until the District collects federal and state grant reimbursements.

JOPLIN SCHOOLS
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES COLLECTED				
Local	\$ 26,611,996	\$ 27,563,099	\$ 26,557,098	\$ (1,006,001)
County	750,000	750,000	988,184	238,184
State	3,830,351	4,152,954	4,663,987	511,033
Federal	8,773,855	9,947,654	6,969,123	(2,978,531)
Other	-	22,001	26,106	4,105
	<u>39,966,202</u>	<u>42,435,708</u>	<u>39,204,498</u>	<u>(3,231,210)</u>
EXPENDITURES				
Instruction	7,097,023	8,771,476	6,223,898	2,547,578
Student services	513,039	882,150	885,945	(3,795)
Instructional staff support	1,787,404	2,045,046	1,870,892	174,154
Building administration	992,731	992,731	891,362	101,369
General administration	2,480,375	2,567,925	2,388,567	179,358
Operation of plant	9,984,177	10,508,401	9,734,458	773,943
Transportation	1,877,351	1,733,087	2,502,676	(769,589)
Food service	3,033,636	3,033,636	2,981,113	52,523
Adult basic education	33,881	38,635	36,821	1,814
Adult continuing education	2,719,661	2,761,711	658,841	2,102,870
Community services	546,695	973,156	830,621	142,535
	<u>31,065,973</u>	<u>34,307,954</u>	<u>29,005,194</u>	<u>5,302,760</u>
EXCESS OF REVENUES COLLECTED OVER EXPENDITURES	<u>8,900,229</u>	<u>8,127,754</u>	<u>10,199,304</u>	<u>2,071,550</u>
OTHER FINANCING SOURCES				
Operating transfers in (out)	<u>(12,513,428)</u>	<u>(12,570,075)</u>	<u>(13,392,862)</u>	<u>(822,787)</u>
	<u>(12,513,428)</u>	<u>(12,570,075)</u>	<u>(13,392,862)</u>	<u>(822,787)</u>
(DEFICIT) OF REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES	<u>(3,613,199)</u>	<u>(4,442,321)</u>	<u>(3,193,558)</u>	<u>1,248,763</u>
FUND BALANCE, July 1, 2013	<u>10,780,191</u>	<u>10,780,191</u>	<u>10,780,191</u>	<u>-</u>
FUND BALANCE, June 30, 2014	<u>\$ 7,166,992</u>	<u>\$ 6,337,870</u>	<u>\$ 7,586,633</u>	<u>\$ 1,248,763</u>

JOPLIN SCHOOLS
 BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
 Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES COLLECTED				
Local	\$ 8,030,500	\$ 8,030,500	\$ 7,885,811	\$ (144,689)
County	240,000	240,000	201,064	(38,936)
State	17,313,203	17,308,979	15,594,588	(1,714,391)
Federal	3,019,963	3,065,876	2,688,254	(377,622)
Other	989,694	989,694	1,066,617	76,923
	<u>29,593,360</u>	<u>29,635,049</u>	<u>27,436,334</u>	<u>(2,198,715)</u>
EXPENDITURES				
Instruction	33,756,200	33,907,010	30,455,105	3,451,905
Student services	984,197	996,042	1,254,883	(258,841)
Instructional staff support	1,686,450	1,619,980	2,078,787	(458,807)
Building administration	2,463,629	2,463,629	1,809,620	654,009
General administration	265,938	265,938	256,320	9,618
Adult basic education	190,254	172,045	163,203	8,842
Adult continuing education	1,060,120	1,060,120	1,021,341	38,779
Community services	-	20,360	18,737	1,623
	<u>40,406,788</u>	<u>40,505,124</u>	<u>37,057,996</u>	<u>3,447,128</u>
(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES				
	(10,813,428)	(10,870,075)	(9,621,662)	1,248,413
OTHER FINANCING SOURCES				
Operating transfers in	10,813,428	10,870,075	9,621,662	(1,248,413)
EXCESS OF REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES				
	-	-	-	-
FUND BALANCE, July 1, 2013				
	-	-	-	-
FUND BALANCE, June 30, 2014				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

JOPLIN SCHOOLS
NOTE TO BUDGETARY COMPARISON SCHEDULES
June 30, 2014

NOTE A – BUDGETS AND BUDGETARY INFORMATION

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the Budget Officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.
6. The District prepares its budget and Annual Secretary of the Board Report using the modified cash basis of accounting. The modified cash basis is used because it enables the District to better budget revenues and expenditures as the resources are expended or received.
7. The District budgets the Scholarship Fund as a part of the General Fund. Therefore, the Budgetary Comparison Schedule for the General Fund includes the budget and actual revenues collected, expenditures, and changes in fund balance of the Scholarship Fund.

JOPLIN SCHOOLS
 BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
 Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES COLLECTED				
Local	\$ 7,801,873	\$ 7,801,873	\$ 8,118,026	\$ 316,153
County	150,000	150,000	392,010	242,010
	<u>7,951,873</u>	<u>7,951,873</u>	<u>8,510,036</u>	<u>558,163</u>
EXPENDITURES				
Debt Service	7,694,000	7,694,000	7,690,411	3,589
	<u>7,694,000</u>	<u>7,694,000</u>	<u>7,690,411</u>	<u>3,589</u>
EXCESS OF REVENUES COLLECTED OVER EXPENDITURES	257,873	257,873	819,625	561,752
FUND BALANCE, July 1, 2013	<u>6,649,181</u>	<u>6,649,181</u>	<u>6,649,181</u>	-
FUND BALANCE, June 30, 2014	<u><u>\$ 6,907,054</u></u>	<u><u>\$ 6,907,054</u></u>	<u><u>\$ 7,468,806</u></u>	<u><u>\$ 561,752</u></u>

JOPLIN SCHOOLS
 BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND
 Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES COLLECTED				
Local	\$ 1,777,079	\$ 4,669,825	\$ 4,910,462	\$ 240,637
State	5,000,000	1,035,999	857,786	(178,213)
Federal	44,300,000	8,637,542	879,171	(7,758,371)
	<u>51,077,079</u>	<u>14,343,366</u>	<u>6,647,419</u>	<u>(7,695,947)</u>
EXPENDITURES				
Instruction	50,000	1,715,083	1,159,825	555,258
Instructional staff support	393,000	534,326	532,899	1,427
General administration	111,000	111,000	103,186	7,814
Transportation	450,000	527,600	619,353	(91,753)
Food service	60,000	74,960	74,960	-
Adult continuing education	-	10,800	2,158	8,642
Community services	-	20,000	11,550	8,450
Facilities acquisition and construction	159,173,233	123,754,379	109,732,460	14,021,919
	<u>160,237,233</u>	<u>126,748,148</u>	<u>112,236,391</u>	<u>14,511,757</u>
(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES				
	<u>(109,160,154)</u>	<u>(112,404,782)</u>	<u>(105,588,972)</u>	<u>6,815,810</u>
OTHER FINANCING SOURCES				
Sale of other property	-	-	500	500
Operating transfers in	1,700,000	1,700,000	3,771,200	2,071,200
Net insurance recovery	8,000,000	8,000,000	3,210,762	(4,789,238)
	<u>9,700,000</u>	<u>9,700,000</u>	<u>6,982,462</u>	<u>(2,717,538)</u>
(DEFICIT) OF REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES				
	(99,460,154)	(102,704,782)	(98,606,510)	4,098,272
FUND BALANCE, July 1, 2013	<u>107,183,484</u>	<u>107,183,484</u>	<u>107,183,484</u>	<u>-</u>
FUND BALANCE, June 30, 2014	<u>\$ 7,723,330</u>	<u>\$ 4,478,702</u>	<u>\$ 8,576,974</u>	<u>\$ 4,098,272</u>

JOPLIN SCHOOLS
SCHEDULE OF REVENUES COLLECTED BY SOURCE
Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
LOCAL					
Current taxes	\$ 20,697,366	\$ -	\$ 6,848,946	\$ -	\$ 27,546,312
Delinquent taxes	2,307,361	-	763,527	-	3,070,888
School district fund (Prop C)	-	6,758,308	-	-	6,758,308
Financial institution tax	-	-	29,410	13,697	43,107
M & M surcharge taxes	1,274,278	-	421,670	-	1,695,948
In lieu of taxes	-	-	6,628	20,031	26,659
Tuition from individuals	-	932	-	-	932
Tuition- post secondary	-	1,093,666	-	-	1,093,666
Earnings on investments	2,087	804	47,845	3,733	54,469
Food service program	451,363	-	-	-	451,363
Food service non-program	101,685	-	-	-	101,685
Student activities	1,509,352	-	-	-	1,509,352
Other	213,606	32,101	-	4,873,001	5,118,708
TOTAL LOCAL	26,557,098	7,885,811	8,118,026	4,910,462	47,471,397
COUNTY					
Fines, escheats, etc.	-	201,064	-	-	201,064
State assessed utilities	988,184	-	392,010	-	1,380,194
TOTAL COUNTY	988,184	201,064	392,010	-	1,581,258
STATE					
Basic formula	-	14,458,548	-	-	14,458,548
Transportation	676,923	-	-	-	676,923
Early childhood special education	471,249	448,361	-	-	919,610
Basic formula - classroom trust fund	2,930,149	-	-	-	2,930,149
Educational screening program/PAT	176,966	-	-	-	176,966
Vocational/Technical aid	877	620,679	-	-	621,556
Career education enhancement grant	-	-	-	857,786	857,786
Food service	28,828	-	-	-	28,828
Adult education and literacy grant	17,089	67,000	-	-	84,089
High need fund	210,021	-	-	-	210,021
Other	151,885	-	-	-	151,885
TOTAL STATE	4,663,987	15,594,588	-	857,786	21,116,361

JOPLIN SCHOOLS
SCHEDULE OF REVENUES COLLECTED BY SOURCE (CONTINUED)
Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
FEDERAL					
Medicaid	\$ 307,807	\$ -	\$ -	\$ -	\$ 307,807
Reserve officer training corps (ROTC)	-	81,220	-	-	81,220
Voc Ed Act - Title I Basic Grant	132,830	-	-	-	132,830
Adult education and literacy	45,431	68,083	-	-	113,514
IDEA	15,666	-	-	-	15,666
Early childhood special education	-	306,537	-	-	306,537
IDEA entitlement funds, Part B IDEA	777,943	-	-	-	777,943
School lunch program	1,668,654	-	-	-	1,668,654
School breakfast program	496,456	-	-	-	496,456
After school snack program	38,239	-	-	-	38,239
Title I, ESEA	91,494	2,185,414	-	-	2,276,908
Title III, ESEA	19,175	-	-	-	19,175
Title II, Part A - ESEA	236,994	47,000	-	-	283,994
Childcare Development Fund Grant	37,756	-	-	-	37,756
FEMA Funds	2,087,969	-	-	879,171	2,967,140
Summer food service program	129,054	-	-	-	129,054
Other	883,655	-	-	-	883,655
TOTAL FEDERAL	6,969,123	2,688,254	-	879,171	10,536,548
OTHER SOURCES					
Net insurance recovery	-	-	-	3,210,762	3,210,762
Sale of other property	1,345	-	-	500	1,845
Area voc fees from other LEAs	21,024	319,011	-	-	340,035
Contracted educational services	3,737	747,606	-	-	751,343
TOTAL OTHER SOURCES	26,106	1,066,617	-	3,211,262	4,303,985
TOTAL RECEIPTS	\$ 39,204,498	\$ 27,436,334	\$ 8,510,036	\$ 9,858,681	\$ 85,009,549

The Schedule of Revenues Collected by Source agrees to the Annual Secretary of the Board Report which includes the scholarship fund's revenue as part of the General Fund.

JOPLIN SCHOOLS
SCHEDULE OF EXPENDITURES BY OBJECT
Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Salaries	\$ 12,218,447	\$ 30,225,874	\$ -	\$ -	\$ 42,444,321
Teacher retirement	26,006	4,462,172	-	-	4,488,178
Non-teacher retirement	727,889	4,030	-	-	731,919
Social security	732,665	79,834	-	-	812,499
Medicare	171,955	418,558	-	-	590,513
Employee insurance	905,355	1,867,528	-	-	2,772,883
Other benefits	411,079	-	-	-	411,079
Tuition	650,292	-	-	-	650,292
Professional services	39,541	-	-	-	39,541
Audit	30,000	-	-	-	30,000
Technical services	811,979	-	-	-	811,979
Legal services	33,124	-	-	-	33,124
Property services	2,709,550	-	-	-	2,709,550
Travel	466,433	-	-	-	466,433
Property insurance	295,168	-	-	-	295,168
Liability insurance	47,490	-	-	-	47,490
Other purchased services	1,390,191	-	-	-	1,390,191
General supplies	3,389,678	-	-	-	3,389,678
Regular textbook	403,286	-	-	-	403,286
Library books	76,507	-	-	-	76,507
Periodicals	246	-	-	-	246
Food supplies	1,101,726	-	-	-	1,101,726
Energy supplies	2,366,587	-	-	-	2,366,587
Land	-	-	-	269,764	269,764
Buildings	-	-	-	98,451,090	98,451,090
Improvements to sites	-	-	-	8,862,618	8,862,618
Equipment - general	-	-	-	2,782,718	2,782,718
Equipment - instructional apparatus	-	-	-	1,280,630	1,280,630
Vehicles (except school buses)	-	-	-	61,975	61,975
School buses	-	-	-	527,596	527,596
Principal	-	-	2,430,000	-	2,430,000
Interest	-	-	5,257,762	-	5,257,762
Other (Fin. Fees, Etc.)	-	-	2,649	-	2,649
TOTAL DISBURSEMENTS	\$ 29,005,194	\$ 37,057,996	\$ 7,690,411	\$ 112,236,391	\$ 185,989,992

The Schedule of Expenditures by Object agrees to the Annual Secretary of the Board Report which includes the scholarship fund's expenditures as part of the General Fund.



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

Board of Education
Joplin Schools
Joplin, Missouri

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statements of receipts, disbursements, and changes in cash and investment balances of Joplin Schools as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Joplin Schools' basic financial statements, and have issued our report thereon dated December 7, 2014. The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Joplin Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Joplin Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Joplin Schools' 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 District's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we did not identify any deficiencies in internal control over reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mense Churchwell & Mense, P.C.

MENSE, CHURCHWELL & MENSE, P.C.
Certified Public Accountants

Joplin, Missouri
December 7, 2014



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

Board of Education
Joplin Schools
Joplin, Missouri

Report on Compliance for Each Major Federal Program

We have audited Joplin Schools' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Joplin Schools' major federal programs for the year ended June 30, 2014. Joplin Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Joplin Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Joplin Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Mense Churchwell & Mense, P.C.

MENSE, CHURCHWELL & MENSE, P.C.
Certified Public Accountants

Joplin, Missouri
December 7, 2014

JOPLIN SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Missouri Department of Elementary and Secondary Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	049-148	\$ 496,456
National School Lunch Program - Cash	10.555	049-148	1,668,654
National School Lunch Program - Commodities	10.555	049-148	241,123
After School Snacks Program	10.555	049-148	38,239
Missouri Department of Health Services			
Child Nutrition Cluster			
Summer Food Service Program	10.559	ERS046-19315	<u>129,054</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u><u>\$ 2,573,526</u></u>
U.S. DEPARTMENT OF EDUCATION			
Direct Programs:			
Student Financial Aid Cluster			
Federal Pell Grant Program	84.063	N/A	\$ 506,634
Federal Family Educational Loan Program	84.032	N/A	793,364
Project SERV	84.184	N/A	665,981
Federal Emergency Mgmt. Agency (FEMA) Funds	97.036	N/A	2,967,140
Missouri Department of Elementary and Secondary Education			
Title I, Grants to LEAs	84.010	049-148	2,185,414
Title I, Part D - Grants to LEAs	84.010	049-148	91,494
Title II, Part A - Improving Teacher Quality State Grants	84.367	049-148	283,994
Title III - LEP - English Language Acquisition Grants	84.365	049-148	19,175
Special Education Grants to States	84.027	049-148	1,100,146
Adult Education - Basic Grants to States	84.002	049-148	113,514
Perkins Basic Grant - Secondary - Career and Technical Education	84.048	049-148	132,830
School Age Community	93.575	049-148	<u>37,756</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u><u>\$ 8,897,442</u></u>
U.S. DEPARTMENT OF DEFENSE			
Direct Programs:			
Junior Reserve Officers Training Corp Unit	12.000	N/A	<u>\$ 81,220</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u><u>\$ 81,220</u></u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grant	14.218	N/A	<u>\$ 217,676</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u><u>\$ 217,676</u></u>
TOTAL FEDERAL AWARDS			<u><u>\$ 11,769,864</u></u>

JOPLIN SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2014

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grants activity of the District and is prepared on the modified cash basis of accounting as described in Note A to the District's financial statements.

NOTE B – FOOD DISTRIBUTION

Commodities received and expended are valued by the Food Service Section of the Department of Elementary and Secondary Education.

JOPLIN SCHOOLS
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unqualified opinion on the financial statements of Joplin Schools.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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.
3. No instances of noncompliance material to the financial statements of Joplin Schools, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor’s report on compliance for the major federal awards programs for Joplin Schools expresses an unqualified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were disclosed during the audit.
7. The programs tested as major programs included:

Child Nutrition Cluster	10.553 and 10.555
Title I, Part A Grants Cluster	84.010 and 84.389
Improving Teacher Quality State Grants	84.367
Special Education Grants Cluster	84.027, 84.391, 84.173, 84.323 and 84.392
State Fiscal Stabilization Fund Cluster	84.394 and 84.397
Student Financial Aid Cluster	84.063 and 84.032
Federal Emergency Management Agency Fund	97.036

8. The threshold used for distinguishing Type A and B programs was \$300,000.
9. The Joplin Schools did not qualify as a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

JOPLIN SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

2013-01

Condition: During our audit, we found a student who had been disbursed a subsidized loan for \$3,500 when the student was not qualified for the need base loan due to a high estimated family contribution causing the student to have no financial need.

Criteria: The School is responsible for developing effective controls to comply with Federal Student Aid requirements.

Cause: Effective controls over the financial aid process were not performed.

Effect: Even though the amount awarded in this case is not significant, students could be awarded federal aid that they are not qualified for based on federal regulations.

Recommendation: The School should strengthen the review process that notifies the financial aid officer when a student has an estimated family contribution amount larger than the School's cost of attendance.

Corrective Actions Taken: The Schools Financial Aid Officer continues to review and make note of any students whose estimated family contribution is higher than the School's cost of attendance.



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INDEPENDENT AUDITORS' REPORT
ON ADMINISTRATION'S ASSERTIONS
ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF
MISSOURI LAWS AND REGULATIONS

Board of Education
Joplin Schools
Joplin, Missouri

We have audited the administration's assertions, included in its representation letter dated December 7, 2014, that the Joplin Schools, Joplin, Missouri (the "District") complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of the average daily attendance, resident membership on the last Wednesday of September, 2013, the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2014; and accurate disclosure by the District's pupil transportation records of the average number of students transported on a regular basis eligible and ineligible for state transportation aid, the number of miles eligible and ineligible for state transportation aid and mileage allowable cost for pupil transportation and other statutory requirements as listed in the Schedule of Selected Statistics during the year ended June 30, 2014. As discussed in the representation letter, administration is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the administration's assertions about the District's compliance based on our audit.

Our audit was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our opinion does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the administration's assertions that the Joplin Schools, Joplin, Missouri complied with the aforementioned requirements for the year ended June 30, 2014 are fairly stated in all material respects.

This report is intended solely for the information and use of the Board of Education, District management, the Missouri Department of Elementary and Secondary Education and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

Mense Churchwell & Mense, P.C.

MENSE, CHURCHWELL & MENSE, P.C.
Certified Public Accountants

Joplin, Missouri
December 7, 2014

JOPLIN SCHOOLS
 SCHEDULE OF SELECTED STATISTICS
 YEAR ENDED JUNE 30, 2014

A single audit was performed.

1. Calendar (Sections 160.041 and 171.031, RSMo)

A. The number of actual calendar hours classes were in session and pupils were under the direction of teachers during this school year was:

Kindergarten - Grade 5	1134.00
Grades 6 - 8	1122.8
Grades 9 - 12	1076.87

B. The number of days that classes were in session and pupils were under the direction of the teachers this school year was 172.

2. Average Daily Attendance (ADA)

	Full-time Part-time	Remedial	Total
Average Daily Attendance (ADA):			
Regular term:			
Kindergarten - Grade 5	3,533.95	8.75	3,542.70
Grades 6 - 8	1,684.37	2.00	1,686.37
Grades 9 - 12	1,890.57	10.31	1,900.88
Total regular term			7,129.95
Summer school average daily attendance			106.07
Total Average Daily Attendance			7,236.02

3. September Membership

September Membership FTE Count	7,552.92
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JOPLIN SCHOOLS
 SCHEDULE OF SELECTED STATISTICS - CONTINUED
 YEAR ENDED JUNE 30, 2014

4. Free and Reduced Price Lunch FTE Count (Section 163.011(6), RSMo)

State FTE Total	Free	3,959.99
	Reduced	<u>598.60</u>
	Total	<u><u>4,558.59</u></u>

5. Finance

- A. As required by Section 162.401, RSMo, a bond was purchased for the District treasurer in the amount of: \$ 250,000
- B. The District's deposits were adequately secured during the year as required by Section 110.010 and 110.020 RSMo. True
- C. The District maintained a separate bank account for its Debt Service Fund in accordance with Section 165.011 RSMo. True
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. True
- E. The 7% x SAT x WADA transfer, which was made, did not exceed adjusted expenditures. The board approved the resolution to make the transfer. True
- F. The District published a summary of the 2012-2013 audit report within thirty days of receipt of the audit, pursuant to Section 165.121, RSMo. True
- G. The district has professional development committee plan adopted by the board with the professional development committee plan identifying the expensiture of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. True
- H. The amount spent for approved professional development committee plan activities was: \$145,963

JOPLIN SCHOOLS
 SCHEDULE OF SELECTED STATISTICS - CONTINUED
 YEAR ENDED JUNE 30, 2014

6. Transportation (Section 163.161, RSMo)

A.	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
B.	The District's school transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
C.	Based on the ridership records, the average number of students (non-disabled K-12, career education, and K-12 students with disabilities) transported on a regular basis (ADT) was:	
	Eligible	3,232.00
	Ineligible	-
D.	The District's transportation odometer mileage records are maintained in a manner to accurately disclose in all material aspects the eligible and ineligible mileage for the year.	True
E.	Actual odometer records show the total District operated mileage and contracted mileage for the year was:	802,201
	Of this total, the eligible non-disabled and students with disabilities routes miles and the ineligible non-route and disapproved miles (combined) was:	
	Eligible	709,039
	Ineligible	93,162
F.	Number of days the District operated the school transportation system during the regular school year:	172