

JOPLIN SCHOOLS
JOPLIN, MISSOURI
BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2015

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, 2015, 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, 2015, 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 November 10, 2015, 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.


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

Joplin, Missouri
November 10, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Joplin Schools
Joplin, Missouri
Management's Discussion and Analysis
Year Ended June 30, 2015

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, 2015 and 2014. 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 2015 ("FY 15") by \$33,632,754 (net positions) as compared to \$25,320,520 (net position) in fiscal year 2014 ("FY 14"). For FY 15, \$13,750,998 (unrestricted net position) may be used to meet the District's ongoing obligations versus \$6,328,346 (unrestricted net position) at the end of FY 14.

For FY 15, the governmental funds reported a combined ending fund balance (modified-cash basis) of \$32,595,575, an increase of \$9,518,531 from the prior year. For FY 14, the combined ending fund balance (modified-cash basis) was \$23,077,044, a decrease of \$100,975,761 from the previous year.

The combined modified-cash basis unreserved fund balance for the General and Special Revenue (Teachers') Fund as of June 30, 2015, was \$14,214,281, or 22.2% of the FY 15 expenditures of these funds. The June 30, 2014, balance was \$7,031,263, or 10.6% of the FY 14 expenditures of these funds.

In FY15, the multi-year financial planning process included transfers of \$3,913,498 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 \$12.9 million, which is available to use for rebuilding projects.

The modified-cash basis fund balances for FY15 for all governmental funds increased by \$9.5 million. For FY14 the governmental fund balances decreased by \$101.0 million.

The net position (modified-cash basis) of the internal service fund (Self-funded health and dental plan) decreased by \$1,206,298 in FY 15 and decreased by \$1,159,080 in FY 14. 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 claim 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. Increased employee claims prompted a review of the Self-Insurance Health Fund balance, some plan design changes and an increase to health premiums for the FY 16 budget.

Based on the modified-cash basis of accounting, bond and/or lease purchase 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 building projects progress.

In September 2014, two new school sites were completed: Joplin High School and Franklin Technology Center. In April 2015, the Performing Arts Center was completed and functional on the High School campus. In addition, community safe rooms at three 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, 2015 and 2014.

Table 2

Statement of Net Position (Modified-Cash Basis)

	Governmental Activities 2015	Governmental Activities 2014
Assets		
Cash and cash equivalents	\$ 18,133,394	\$ 10,449,038
Restricted cash and cash equivalents	16,483,036	15,746,758
Restricted investments	3,398,720	3,245,416
Total assets	38,015,150	29,441,212
Liabilities		
Accrued payroll		
Wages	2,953,176	2,993,889
Payroll taxes and withholding	1,429,220	1,126,803
Total liabilities	4,382,396	4,120,692
Net Position		
Restricted for debt service	5,445,102	7,468,806
Restricted for employee health and dental claims	1,037,179	2,243,477
Restricted for designated gifts	463,283	702,917
Committed for capital projects	12,936,192	8,576,974
Unrestricted	13,750,998	6,328,346
Total net position	\$ 33,632,754	\$ 25,320,520

Total net position increased by \$8.3 million (32.8%) in FY 15, and decreased by \$102.1 million (80%) during FY 14. The discussion regarding the changes in net position occurred can be found on page 12.

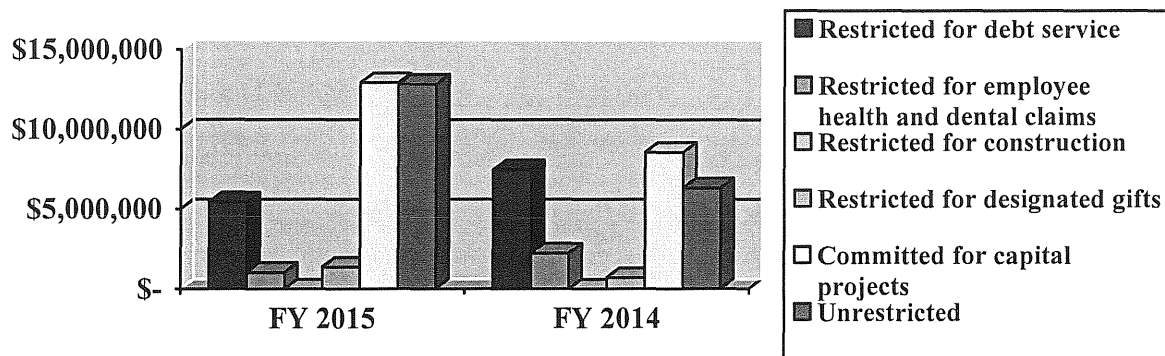


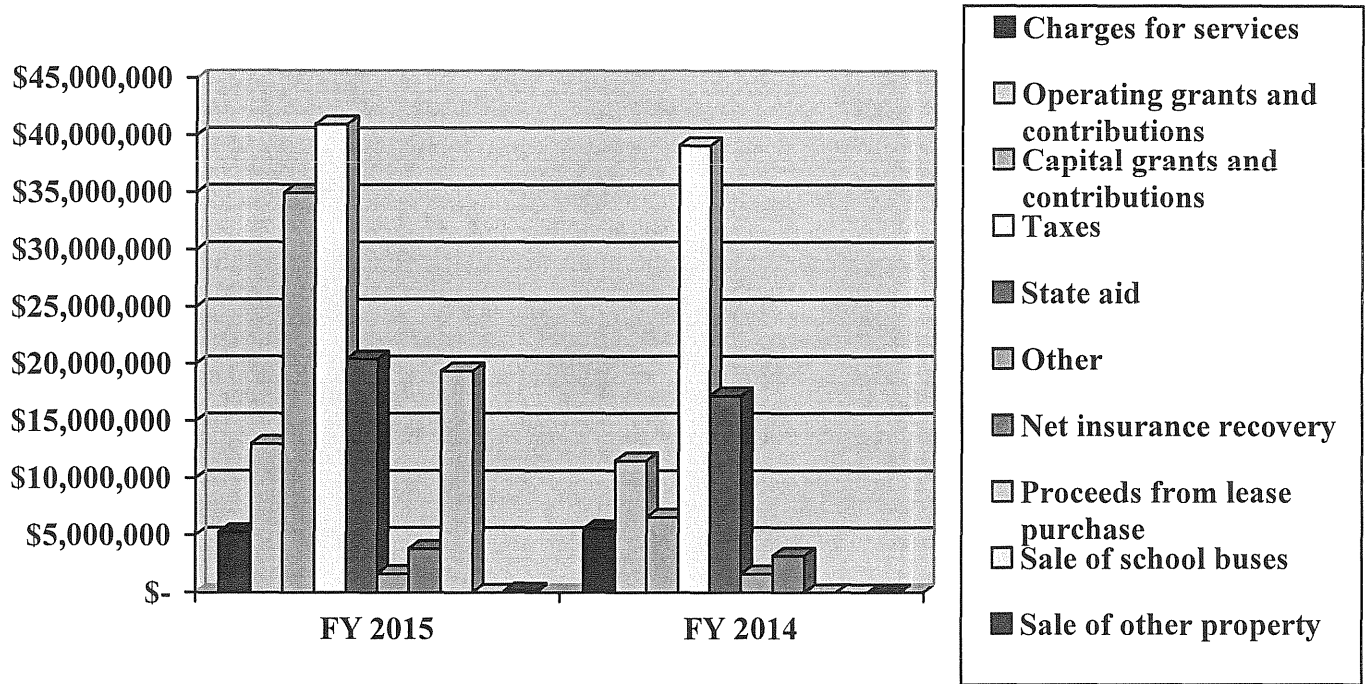
Table 3 provides the changes in net position (modified-cash basis) for the years ended June 2015 and 2014.

Table 3

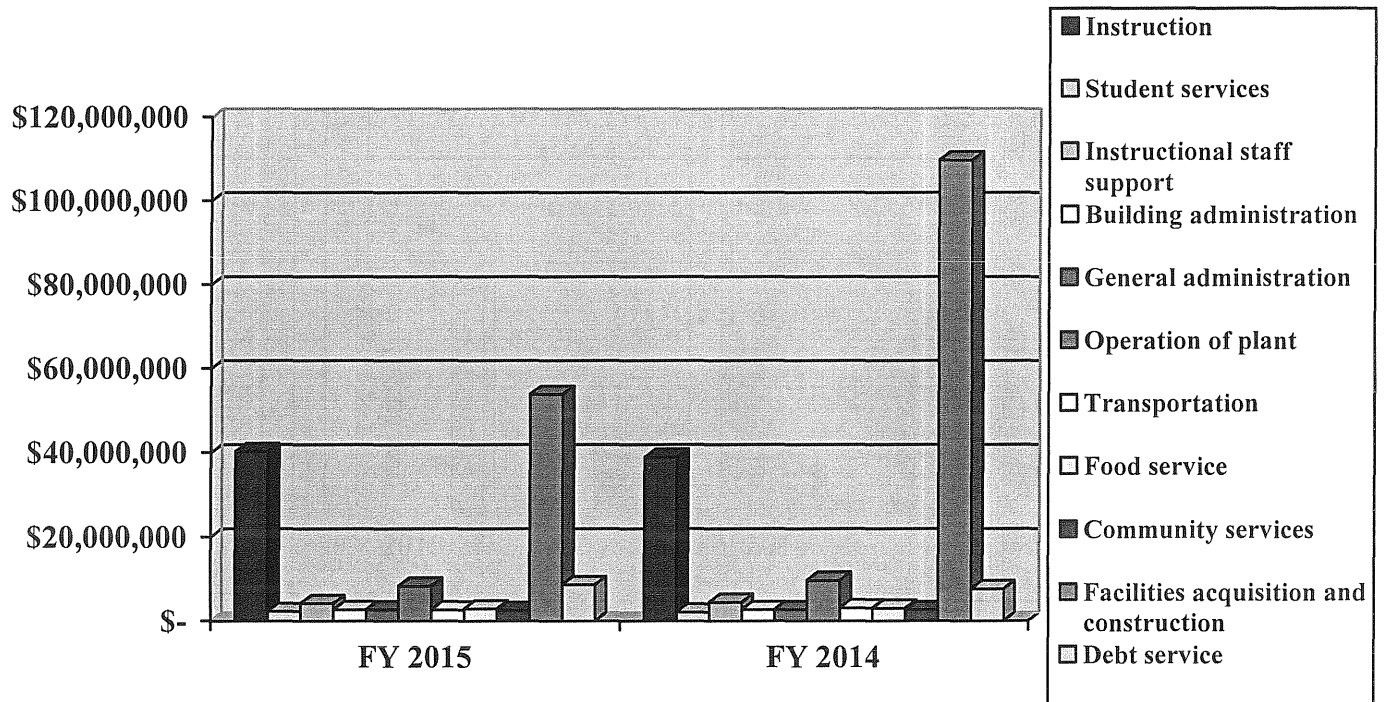
Changes in Net Position (Modified-Cash Basis)

	Governmental Activities 2015	Governmental Activities 2014
Revenues collected		
Program revenues collected		
Charges for services	\$ 5,307,698	\$ 5,601,545
Operating grants and contributions	13,030,206	11,556,482
Capital grants and contributions	34,987,190	6,609,958
General revenues collected		
Taxes	40,988,325	39,141,223
State aid	20,446,464	17,214,810
Other	<u>1,669,525</u>	<u>1,635,809</u>
Total revenues collected	<u>116,429,408</u>	<u>81,759,827</u>
Expenses		
Instruction	40,308,514	38,998,023
Student services	2,331,903	2,140,828
Instructional staff support	4,221,512	4,482,578
Building administration	2,741,643	2,700,982
General administration	2,736,482	2,748,073
Operation of plant	8,379,477	9,734,458
Transportation	2,667,091	3,122,029
Food service	2,956,121	3,056,073
Community services	2,571,105	2,701,361
Facilities acquisition and construction	53,932,272	109,732,460
Debt service	<u>8,691,500</u>	<u>7,690,411</u>
Total expenses	<u>131,537,620</u>	<u>187,107,276</u>
Special Items		
Net insurance recovery	3,848,250	3,210,762
Proceeds from lease purchase agreement	65,500,000	0
Payments to lease purchase agreement	(46,094,683)	0
Sale of school buses	18,607	0
Sale of other property	<u>148,272</u>	<u>1,845</u>
Total	<u>23,420,446</u>	<u>3,212,607</u>
Increase (Decrease) in net position	8,312,234	(102,134,842)
Net position, Beginning of Year	<u>25,320,520</u>	<u>127,455,362</u>
Net position, End of Year	<u>\$ 33,632,754</u>	<u>\$ 25,320,520</u>

TOTAL REVENUES



TOTAL EXPENDITURES



Governmental and Business-Type Activities

As shown in Table 3, general revenues collected provided 54.2% and 70.9% of the total funding for governmental activities for the years ended June 30, 2015 and 2014, respectively. Joplin Schools relies on taxes for funding its governmental activities with 35.2% and 48% of total revenues collected coming from taxes for the years ended June 30, 2015 and 2014, respectively.

The changes in the District's overall modified-cash basis financial position, an increase in net position for fiscal year 2015 of \$8,312,234, can be attributed primarily to the following:

- Receipt of \$3.8 million insurance proceeds and \$32 million FEMA proceeds for tornado damage and expenditures to reconstruct and replace items lost.
- Facilities acquisition and construction costs of \$53.9 million in FY15. 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 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Expenses				
Instruction	\$ 40,308,514	\$ 29,146,732	\$ 38,998,023	\$ 24,770,183
Student services	2,331,903	2,331,903	2,140,828	2,140,828
Instructional staff support	4,221,512	3,232,452	4,482,578	4,024,697
Building administration	2,741,643	2,741,643	2,700,982	2,700,982
General administration	2,736,482	2,736,482	2,748,073	2,748,073
Operation of plant	8,379,477	7,919,402	9,734,458	7,646,489
Transportation	2,667,091	1,903,314	3,122,029	2,445,106
Food service	2,956,121	(640,140)	3,056,073	141,794
Community services	2,571,105	742,286	2,701,361	177,439
Facilities acquisition and construction	53,932,272	19,406,952	109,732,460	108,853,289
Debt service	8,691,500	8,691,500	7,690,411	7,690,411
Total	<u>\$ 131,537,620</u>	<u>\$ 78,212,526</u>	<u>\$ 187,107,276</u>	<u>\$ 163,339,291</u>

Table 4 provides the following highlights:

- Instruction expenses were increased by \$1,206,298 for FY 15 and increased by \$1,159,195 for FY 14 to reflect the net operating activity of the Internal Service Fund.
- The total cost of all governmental activities for FY 15 was \$131 million, as compared to \$187 million in FY 14.

- Instruction represents 31% and 21% of the total cost of all governmental activities of the District for FY 15 and FY 14, respectively.
- The net cost of all governmental activities was \$78.2 million in FY 15, with \$53.3 million of the total cost being financed by revenues collected generated by the governmental activities. These figures were \$163.3 million and \$23.8 million in FY 14.
- Operation of Plant represents 6.4% and 5.2% of the total cost of all governmental activities of the District for FY 15 and FY 14, 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 \$32,595,575, an increase of \$9,518,532 over the previous year.

The District budgeted a planned deficit of <\$2,566,546> in the General Fund, but ended the year with an increase of \$7,196,957, or a positive variance of \$9,763,503. 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 \$4.3 million more in revenues collected than was budgeted. Nearly \$4.0 million of this amount originated in two areas; State funding through the basic formula resulted in \$1.4 million more revenue primarily from a timing element: student enrollment returned to the pre-disaster level. In addition, the Board of Education approved in June, 2015 to retain \$2.6 million in the General Fund resulting from the effect of the decrease in the FY15 Debt Service levy, and the corresponding increase in the General Fund levy of \$0.30, for a net effect on the total levy of \$0. This levy adjustment was made in August 2014, following the Public Tax Levy Hearing, as a contingency for state revenues that had a significant possibility of reduction for FY15. Fortunately, state economic conditions did not deteriorate and the reduced funding possibility was averted.
- The District expended approximately \$7.7 million less than was budgeted, primarily due to a conservative approach to budgeting and fund accounting reporting rules for the Adult Continuing Education function.
- The District transferred approximately \$4.3 million less than was budgeted out of the general fund to the Special Revenue Fund, and approximately \$2.2 million more than was budgeted out of the General Fund to the Capital Projects Fund. The amounts transferred reflected what was needed to fund expenditures in the Special Revenue Fund and maintain a \$0 fund balance. In addition, with year-end planning and final balance analysis, the capital project transfer was increased to address remaining rebuild project costs, ongoing annual capital expenditure needs, and related contingencies.

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 15, the General Fund budget amendments included:

- Increasing local grant revenues and expenditures by approximately \$639,000.
- Increasing General Fund expenditures by \$796,000 for student activities.

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, 2015, the District had \$120,595,000 in general obligation bonds outstanding, a \$2,715,000 decrease from the June 30, 2014 balance. At June 30, 2015, the District had \$19,405,318 outstanding on lease purchases. (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.

As of June 30, 2015, the District owes Bank of America \$19,405,318 for a short term lease purchase agreement that ends June 1, 2016. The funding obtained from the March 2015 closing was utilized to fund the remaining Rebuild Projects for new schools as part of our disaster recovery. The lease purchase transaction provided funds from the sale of Certificates of Participation to Bank of America, as the result of a bid process. The monies raised were used to pay construction costs so that the District could submit those paid qualified expenditures to grantors, FEMA and SEMA for subsequent reimbursement in accordance with program rules and regulations.

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, 2015 was \$183,073 and \$1,197,321, respectively, and for June 30, 2014, was \$171,836 and \$883,024, 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
Year Ended June 30, 2015

	<u>Governmental Activities</u>	<u>Component Unit</u>
ASSETS		
Cash and cash equivalents	\$ 18,133,394	\$ 215,293
Restricted cash and cash equivalents	16,483,036	244,764
Restricted investments	<u>3,398,720</u>	<u>217,091</u>
TOTAL ASSETS	<u>38,015,150</u>	<u>677,148</u>
LIABILITIES		
Accrued wages	2,953,176	-
Accrued payroll taxes	<u>1,429,220</u>	<u>-</u>
TOTAL LIABILITIES	<u>4,382,396</u>	<u>-</u>
NET ASSETS		
Restricted for debt service	5,445,102	-
Committed for capital projects	12,936,192	-
Restricted for employee health and dental claims	1,037,179	-
Restricted for endowment funds	-	217,091
Temporarily restricted for tornado recovery	-	154,680
Temporarily restricted for designated gifts	463,283	113,750
Unrestricted	<u>13,750,998</u>	<u>191,627</u>
TOTAL NET ASSETS	<u>\$ 33,632,754</u>	<u>\$ 677,148</u>

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended June 30, 2015

	Expenses	Program Revenues Collected			Net (Expenses) Revenues Collected and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Component Unit
Governmental Activities:						
Instruction	\$ (40,308,514)	\$ 3,588,445	\$ 7,573,337	\$ -	\$ (29,146,732)	\$ -
Student services	(2,331,903)	-	-	-	(2,331,903)	-
Instructional staff support	(4,221,512)	-	885,691	103,369	(3,232,452)	-
Building administration	(2,741,643)	-	-	-	(2,741,643)	-
General administration	(2,736,482)	-	-	-	(2,736,482)	-
Operation of plant	(8,379,477)	-	460,075	-	(7,919,402)	-
Transportation	(2,667,091)	-	743,777	20,000	(1,903,314)	-
Food service	(2,956,121)	605,992	2,990,269	-	640,140	-
Community services	(2,571,105)	1,113,261	377,057	338,501	(742,286)	-
Facilities acquisition and construction	(53,932,272)	-	-	34,525,320	(19,406,952)	-
Debt service	(8,691,500)	-	-	-	(8,691,500)	-
NET PROGRAM (EXPENSES) OVER REVENUES COLLECTED	<u>\$ (131,537,620)</u>	<u>\$ 5,307,698</u>	<u>\$ 13,030,206</u>	<u>\$ 34,987,190</u>	<u>(78,212,526)</u>	<u>-</u>
Component Unit:						
Joplin Schools Foundation	<u>\$ 222,322</u>	<u>\$ -</u>	<u>\$ 30,039</u>	<u>\$ -</u>		<u>(192,283)</u>
General Revenues Collected:						
Ad valorem tax revenues collected					31,931,672	-
Prop C sales tax revenues collected					7,225,229	-
Other tax revenues collected					1,831,424	-
County revenues collected					1,620,828	-
State revenues collected					20,446,464	-
Interest revenues collected					48,697	4,257
TOTAL GENERAL REVENUES COLLECTED					<u>63,104,314</u>	<u>4,257</u>
Special Items:						
Net insurance recovery					3,848,250	-
Proceeds from lease purchase agreement					65,500,000	-
Payments to lease purchase agreement					(46,094,683)	-
Sale of school buses					18,607	-
Sale of other property					148,272	-
TOTAL SPECIAL ITEMS					<u>23,420,446</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS					8,312,234	(188,026)
NET ASSETS - Beginning of year					<u>25,320,520</u>	<u>865,174</u>
NET ASSETS - End of year					<u>\$ 33,632,754</u>	<u>\$ 677,148</u>

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES - GOVERNMENTAL FUNDS -
Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Government Funds
ASSETS					
Cash and cash equivalents	\$ 14,073,623	\$ 4,059,771	\$ -	\$ -	\$ 18,133,394
Restricted cash and cash equivalents	463,283	-	2,046,382	12,936,192	15,445,857
Restricted investments	-	-	3,398,720	-	3,398,720
TOTAL ASSETS	<u>\$ 14,536,906</u>	<u>\$ 4,059,771</u>	<u>\$ 5,445,102</u>	<u>\$ 12,936,192</u>	<u>\$ 36,977,971</u>
LIABILITIES					
Accrued Payroll					
Wages	\$ 123,839	\$ 2,829,337	\$ -	\$ -	\$ 2,953,176
Payroll taxes and withholdings	198,786	1,230,434	-	-	1,429,220
TOTAL LIABILITIES	<u>322,625</u>	<u>4,059,771</u>	<u>-</u>	<u>-</u>	<u>4,382,396</u>
FUND BALANCES					
Restricted for debt service	-	-	5,445,102	-	5,445,102
Restricted for designated gifts	463,283	-	-	-	463,283
Committed for capital projects	-	-	-	12,936,192	12,936,192
Unassigned	13,750,998	-	-	-	13,750,998
TOTAL FUND BALANCES	<u>14,214,281</u>	<u>-</u>	<u>5,445,102</u>	<u>12,936,192</u>	<u>32,595,575</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,536,906</u>	<u>\$ 4,059,771</u>	<u>\$ 5,445,102</u>	<u>\$ 12,936,192</u>	<u>\$ 36,977,971</u>

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 \$ 32,595,575

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

1,037,179

Net Assets of Governmental Activities

\$ 33,632,754

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS
STATEMENT OF REVENUES COLLECTED EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENT FUNDS - MODIFIED CASH BASIS
Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES COLLECTED					
Local	\$ 30,673,729	\$ 8,380,956	\$ 5,779,072	\$ 60,499	\$ 44,894,256
County	1,129,914	177,778	313,136	-	1,620,828
State	4,741,549	18,943,692	-	338,501	24,023,742
Federal	8,118,705	2,110,426	-	34,370,481	44,599,612
Other	25,015	906,775	-	359,179	1,290,969
TOTAL REVENUES COLLECTED	44,688,912	30,519,627	6,092,208	35,128,660	116,429,407
EXPENDITURES					
Instruction	6,163,493	30,263,624	-	2,675,099	39,102,216
Student services	987,434	1,344,469	-	-	2,331,903
Instructional staff support	1,987,898	1,782,341	-	451,273	4,221,512
Building administration	900,513	1,841,130	-	-	2,741,643
General administration	2,433,507	302,975	-	-	2,736,482
Operation of plant	8,379,477	-	-	-	8,379,477
Transportation	2,299,606	-	-	367,485	2,667,091
Food service	2,933,521	-	-	22,600	2,956,121
Adult basic education	32,082	148,904	-	-	180,986
Adult continuing education	665,229	979,486	-	78,070	1,722,785
Community services	648,562	17,773	-	999	667,334
Facilities acquisition and construction	-	-	-	53,932,272	53,932,272
Debt service	-	-	8,115,912	575,588	8,691,500
TOTAL EXPENDITURES	27,431,322	36,680,702	8,115,912	58,103,386	130,331,322
EXCESS (DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES	17,257,590	(6,161,075)	(2,023,704)	(22,974,726)	(13,901,915)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	6,161,075	-	3,913,498	10,074,573
Operating transfers (out)	(10,074,573)	-	-	-	(10,074,573)
Net insurance recovery	-	-	-	3,848,250	3,848,250
Proceeds from lease purchase agreement	-	-	-	65,500,000	65,500,000
Payments to lease purchase agreement	-	-	-	(46,094,683)	(46,094,683)
Sale of school buses	-	-	-	18,607	18,607
Sale of other property	-	-	-	148,272	148,272
TOTAL OTHER FINANCING SOURCES (USES)	(10,074,573)	6,161,075	-	27,333,944	23,420,446
EXCESS (DEFICIT) OF REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	7,183,017	-	(2,023,704)	4,359,218	9,518,531
FUND BALANCE, July 1, 2014	7,031,264	-	7,468,806	8,576,974	23,077,044
FUND BALANCE June 30, 2015	<u>\$ 14,214,281</u>	<u>\$ -</u>	<u>\$ 5,445,102</u>	<u>\$ 12,936,192</u>	<u>\$ 32,595,575</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	\$ 9,518,531
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	(1,206,298)
Change in net assets of governmental activities - modified cash basis	<u>\$ 8,312,233</u>

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS
STATEMENT OF NET ASSETS - INTERNAL SERVICE FUND - MODIFIED CASH BASIS
Year Ended June 30, 2015

	<u>Internal Service Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 1,037,179</u>
TOTAL ASSETS	<u><u>\$ 1,037,179</u></u>
NET ASSETS	
Committed for Health and Dental Claims	<u>\$ 1,037,179</u>
TOTAL NET ASSETS	<u><u>\$ 1,037,179</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, 2015

	Internal Service Fund
REVENUES COLLECTED	
Charges for services	\$ 5,249,894
TOTAL REVENUES COLLECTED	<u>5,249,894</u>
EXPENSES PAID	
Insurance claims and administrative expenses	<u>6,456,192</u>
TOTAL EXPENSES PAID	<u>6,456,192</u>
OPERATING INCOME (LOSS)	<u>(1,206,298)</u>
NONOPERATING REVENUES COLLECTED	
Interest	<u>-</u>
TOTAL NONOPERATING REVENUES COLLECTED	<u>-</u>
NET INCOME (LOSS)	(1,206,298)
NET ASSETS, July 1, 2014	<u>2,243,477</u>
NET ASSETS, June 30, 2015	<u><u>\$ 1,037,179</u></u>

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS
STATEMENT OF NET ASSETS - FIDUCIARY FUND - MODIFIED CASH BASIS
Year Ended June 30, 2015

	<u>Scholarship Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 569,309</u>
TOTAL ASSETS	<u><u>\$ 569,309</u></u>
NET ASSETS	
Held in trust for student scholarships	<u>\$ 569,309</u>
TOTAL NET ASSETS	<u><u>\$ 569,309</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, 2015

	<u>Scholarship Fund</u>
ADDITIONS	
Contributions	\$ 39,601
Interest	<u>-</u>
	<u>39,601</u>
DEDUCTIONS	
Scholarships	<u>25,661</u>
	<u>25,661</u>
NET INCOME (LOSS)	13,940
NET ASSETS, July 1, 2014	<u>555,369</u>
NET ASSETS, June 30, 2015	<u><u>\$ 569,309</u></u>

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 THE FINANCIAL STATEMENTS
June 30, 2015

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 THE FINANCIAL STATEMENTS
June 30, 2015

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, 2015

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 2014-2015 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2015 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, 2015

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, 2015

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.

Retirement Plans

Financial reporting information pertaining to the district's participation in the Public Education Employee Retirement System of Missouri ("PEERS") and Public School Retirement System of Missouri ("PSRS") are prepared in accordance with Government Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PEERS and PSRS have been determined on the same basis as they are reported by PEERS and PSRS. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing PEERS and PSRS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net positions is reflected in the measurement of the district's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

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, 2015, the carrying amount of the district's deposits was \$38,584,459 and the bank balance was \$40,722,571. Of the bank balance, \$250,000 was covered by federal depository insurance and \$40,472,571 was covered by letters of credit held in the district's name.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015, 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>\$ 3,398,720</u>

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.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE C – INVESTMENTS (CONTINUED)

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.

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.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE D – TAXES (CONTINUED)

The assessed valuation of the tangible taxable property for the calendar year 2014 for purposes of local taxation was:

Real Estate	\$ 617,655,150
Personal Property	<u>245,460,752</u>
TOTAL ASSESSED VALUATION	<u><u>\$ 863,115,902</u></u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2014 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.0501	\$ 3.0501
Debt Service Fund	<u>0.6099</u>	<u>0.6099</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, 2015, aggregated approximately 101.08% of the current assessment computed on the basis of the levy as shown above.

NOTE E – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at June 30, 2015, 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%.	\$ 4,845,000
\$6,750,000 general obligation bonds due in varying annual installments through March 1, 2017; interest at 4.4% to 5.10%.	4,300,000
\$57,300,000 general obligation bonds due in varying annual installments through March 1, 2027; interest at 4.00% to 5.0%.	49,700,000
\$35,000,000 general obligation bonds due in varying annual installments through March 31, 2032; interest at 2.0% to 5.0%.	34,750,000
\$27,000,000 general obligation bonds due in varying annual installments through March 1, 2033; interest at 3.0% to 5.0%.	<u>27,000,000</u>
	<u><u>\$ 120,595,000</u></u>

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE E – GENERAL OBLIGATION BONDS PAYABLE (Continued)

The following is a summary of bond transactions for the year ended June 30, 2015:

Bonds Payable, July 1, 2014	\$ 123,310,000
Bonds retired	<u>(2,715,000)</u>
Bonds Payable, June 30, 2015	<u><u>\$ 120,595,000</u></u>

Debt service requirements are:

Year Ended June 30,	Principal	Interest	Total
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	<u>11,500,000</u>	<u>516,813</u>	<u>12,016,813</u>
	<u><u>\$ 120,595,000</u></u>	<u><u>\$ 61,068,281</u></u>	<u><u>\$ 181,663,281</u></u>

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE E – GENERAL OBLIGATION BONDS PAYABLE (Continued)

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, 2015, was:

Constitution debt limit	\$ 129,467,385
General obligation bonds payable	(120,595,000)
Amount available in Debt Service Fund	<u>5,445,102</u>
LEGAL DEBT MARGIN	<u><u>\$ 14,317,487</u></u>

NOTE F – RETIREMENT PLANS

Plan Description

PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certified employees and certain part-time certified employees of all public school districts in Missouri (except school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certified employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987, 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

PEERS is a mandatory cost-sharing multiple employer retirement system for all public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of the PSRS must contribute to PEERS. Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600-169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of the Public School Retirement System of Missouri. A Comprehensive Annual Financial Report ("CAFR") for PSRS and PEERS can be obtained at www.psrs-peers.org.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE F – RETIREMENT PLANS (CONTINUED)

Benefits Provided

PSRS and PEERS are defined benefit plans providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing 5 years of service. Individuals who (a) are at least 60 and have a minimum of 5 years of service (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor for PSRS and 1.6% benefit factor for PEERS. Beginning July 1, 2001, and ending July 1, 2014, for PSRS a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced retirement benefits are available for members with 5 to 24.9 of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at “retirement equal to 12, 24, or 36 times the Single Life benefit amount. For PEERS, members qualifying for “Rule of 80” or “30-and-out” are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with 5 years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are 3 years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plans can be found on the PSRS’ website at www.psrs-peers.org. Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

Cost-of-Living Adjustments (“COLA”)

The PSRS and PEERS Boards have established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For PSRS any member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS any member, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member for both PSRS and PEERS.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE F – RETIREMENT PLANS (CONTINUED)

Contributions

PSRS members were required to contribute 14.5% and PEERS members were required to contribute 6.86% of their annual covered salary during the fiscal year 2015. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in total contribution rate may not exceed 1% of pay for PSRS and .5% for PEERS. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The district's contributions to PSRS were \$8,889,951 and to PEERS were \$1,512,726 for the year ended June 30, 2015.

Pensions Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the district, in accordance with the modified cash basis, has an unrecorded liability of \$28,603,155 for PSRS and \$2,721,217 for PEERS for their proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2014 and determined by an actuarial valuation as of that date. The district's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$4,489,435 paid to PSRS and \$745,425 paid to PEERS for the year ended June 30, 2014 relative to the actual contributions of \$643,964,894 for PSRS and \$100,035,580 for PEERS from all participating employers. At June 30, 2014, the district's proportionate share was 0.6972% for PSRS and .7452% for PEERS.

For the year ended June 30, 2015, the district recognized a pension expense of \$4,444,976 to PSRS and \$756,363 to PEERS, its proportionate share of the total pension expense.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE F – RETIREMENT PLANS (CONTINUED)

At June 30, 2015, the district reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS pension benefits:

Balance of Deferred Outflows and Inflows Due to:	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual	\$ 1,332,568	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	13,756,082
Changes in proportion and differences between employer contributions and proportionate share	-	1,087,544
Employer contributions subsequent to the measurement date	TBD	TBD
Total	<u>\$ 1,332,568</u>	<u>\$ 14,843,626</u>

At June 30, 2015, the district reported deferred outflows of resources and deferred inflows of resources from the following sources related to PEERS pension benefits:

Balance of Deferred Outflows and Inflows Due to:	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual	\$ -	\$ 80,936
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,620,849
Changes in proportion and differences between employer contributions and proportionate share	-	187,307
Employer contributions subsequent to the measurement date	TBD	TBD
Total	<u>\$ -</u>	<u>\$ 1,889,092</u>

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE F – RETIREMENT PLANS (CONTINUED)

Deferred outflows of resources to pensions resulting from contributions subsequent to the measurement date of June 30, 2014 will be a reduction to the net pension liability in the year ended June 30, 2016. Other amounts reported as collective deferred (inflows)/outflows of resources to be recognized in pension expense:

<u>Year Ending June 30:</u>	<u>PSRS</u>	<u>PEERS</u>
2016	\$ (3,393,561)	\$ (490,369)
2017	(3,393,561)	(490,369)
2018	(3,393,561)	(490,369)
2019	(3,393,561)	417,986
2010	45,459	-
Thereafter	17,729	-
	<u>\$ (13,511,056)</u>	<u>\$ (1,053,121)</u>

Actuarial Assumptions

Actuarial valuations of PSRS and PEERS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was conducted in 2011 and the next experience study is scheduled for 2016.

Significant actuarial assumptions and other inputs used to measure the total pension liability:

- Measurement Date June 30, 2014
- Valuation Date June 30, 2014
- Expected Return on Investment 8.00%, net of investment expenses and including 2.5% inflation
- Inflation 2.50%
- Total Payroll Growth 3.50% per annum, consisting of 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth for PSRS. Whereas, 3.75% per annum, consisting of 2.50% inflation and 0.75% additional inflation for PEERS.
- Future Salary Increases 4.00% - 10.00%, depending on service and including 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.00% to 7.00% for PSRS. Whereas, 5.00%-12.00%, depending on service and including 2.5% inflation, 0.75% additional inflation and real wage growth of 1.75% to 8.75% for PEERS.
- Cost-of-Living Increases 2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE F – RETIREMENT PLANS (CONTINUED)

- Mortality Assumption
 - Actives RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using scale AA.
 - Non-Disabled Retirees RP 2000 Mortality Table set back one year for males and females, then projected to 2016 using scale AA.
 - Disabled Retirees RP 2000 Disabled Mortality Table
- Changes in Actuarial Assumptions and Methods - There were no changes in actuarial assumptions or methods for the June 30, 2014 valuation.
- Fiduciary Net Position - PSRS and PEERS issue a publicly available report that can be obtained at www.psrs-peers.org
- Expected Rate of Return - The long-term expected rate of return on PSRS' and PEERS' investments were determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PSRS' and PEERS' target allocation as of June 30, 2014 is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cashflows.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE F – RETIREMENT PLANS (CONTINUED)

Asset Class	Target Asset Allocation	Long-Term Expected Real Return Arithmetic Basis	Weighted Long-Term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.85%	1.58%
Public Credit	12.0%	2.44%	0.29%
Hedged Assets	6.0%	5.22%	0.31%
Non-U.S. Public Equity	15.0%	6.64%	1.00%
U.S. Treasuries	16.0%	1.01%	0.16%
U.S. TIPS	4.0%	1.12%	0.04%
Private Credit	2.0%	7.61%	0.15%
Private Equity	10.5%	8.61%	0.90%
Private Real Estate	7.5%	4.60%	0.35%
Total	100.00%		4.78%
		Inflation	2.50%
		Long-Term arithmetic nominal return	7.28%
		Effect of covariance matrix	0.81%
		Long-Term expected geometric return	8.09%

- Discount Rate - The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014, and is consistent with the long-term expected geometric return on plan investments. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.
- Discount Rate Sensitivity - The sensitivity of the district's net pension liability to changes in the discount rate is presented below. The district's net pension liability calculated using the discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.0% lower (7.0%) and 1.0% higher (9.0%) than the current rate.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE F – RETIREMENT PLANS (CONTINUED)

Discount Rate	<u>1% Decrease (7%)</u>	<u>Current Rate (8%)</u>
Proportionate share of the Net Pension Liability/(Asset) PSRS	\$ 60,567,469	\$ 28,603,155
Proportionate share of the Net Pension Liability/(Asset) PEERS	\$ 6,529,869	\$ 2,721,217

NOTE G – COMPENSATED ABSENCES PAYABLE

Compensated absences payable at June 30, 2015, 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, 2015 was \$183,073.

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, 2015, 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 \$1,197,321. Changes in the estimated benefit obligation during the year ended June 30, 2015 are as follows:

Estimated Benefit Obligation, beginning of year	\$ 883,024
Claims incurred	6,225,383
Claims paid	<u>(5,911,086)</u>
Estimated Benefit Obligation, end of year	<u><u>\$ 1,197,321</u></u>

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 \$181,117 for tornado recovery, and \$27,000 for the snack pack funds during the year ended June 30, 2015.

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, 2015, were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 10,074,573
Special Revenue Fund	6,161,075	-
Capital Projects Fund	3,913,498	-
	<u>\$ 10,074,573</u>	<u>\$ 10,074,573</u>

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.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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.

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	\$ 44,688,912
Plus: Private-Purpose Trust Fund revenues collected	<u>39,601</u>
Total General Fund revenues collected per ASBR	<u><u>\$ 44,728,513</u></u>

Total General Fund expenditures per Statement of Revenues Collected, Expenditures and Changes in Fund Balances - Modified Cash Basis	\$ 27,431,322
Plus: Private-Purpose Trust Fund expenditures	<u>25,661</u>
Total General Fund expenditures per ASBR	<u><u>\$ 27,456,983</u></u>

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, 2015, 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 Joplin High School were terminated by September 30, 2015. Total rent expense for the year ended June 30, 2015 under these lease agreements was \$803,771. Total lease payments from July, 2015 to September, 2015 were \$64,042.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE N – OPERATING LEASES (Continued)

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. The total rent expense for the year ended June 30, 2015 was \$8,000.

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 a summary of committed costs to rebuild the destroyed schools as of June 30, 2015:

Joplin High School and Franklin Technology Center	\$ 5,644,980
East Middle School and Soaring Heights School	39,807
Irving Elementary School	2,603
Community Safe Rooms	<u>2,216,673</u>
	<u>\$ 7,904,063</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. Through June 30, 2015, claims valued at approximately \$6,600,000 had been filed against the District relating to extra work as a result of project delays and accelerations related to the construction of the new Joplin High School and Franklin Technical School. The District disputes the claims and intends to vigorously defend against those claims. In the event the District is found liable for those claims, other parties may bear some liability to the District for all or part of any liability of the District. In the opinion of the District's attorney, the potential loss on this lawsuit is not determinable at this time.

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.

JOPLIN SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE O – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 – LEASE PURCHASE AGREEMENTS

On August 29, 2014, the District completed a \$37 million short-term lease purchase agreement with U.S. Bank with a final maturity date of August, 2016. In March 2015, the District terminated this lease purchase agreement by paying the remaining balance from a new lease purchase agreement. On March 20, 2015 the District entered into a short-term lease purchase agreement with Bank of America for \$28.5 million initial term ended June 30, 2015 with successive one-year renewal options. The balance on the lease purchase agreement was \$19,405,318 on June 30, 2015. This lease purchase funding provides short-term funds needed to complete construction until the District collects FEMA, SEMA and grant reimbursements.

NOTE Q – SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 10, 2015, the date the financial statements were issued.

JOPLIN SCHOOLS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES COLLECTED				
Local	\$ 26,455,283	\$ 27,613,004	\$ 30,713,330	\$ 3,100,326
County	750,000	750,000	1,129,914	379,914
State	4,716,986	4,766,499	4,741,549	(24,950)
Federal	7,463,502	8,044,559	8,118,705	74,146
Other	-	20,064	25,015	4,951
	<u>39,385,771</u>	<u>41,194,126</u>	<u>44,728,513</u>	<u>3,534,387</u>
EXPENDITURES				
Instruction	7,243,329	8,258,780	6,163,493	2,095,287
Student services	509,263	838,797	987,434	(148,637)
Instructional staff support	1,850,163	2,071,899	1,987,898	84,001
Building administration	988,353	992,688	900,513	92,175
General administration	2,627,441	2,674,667	2,433,507	241,160
Operation of plant	8,132,727	8,133,776	8,379,477	(245,701)
Transportation	1,883,451	2,035,450	2,299,606	(264,156)
Food service	3,027,127	3,027,127	2,933,521	93,606
Adult basic education	37,673	38,753	32,082	6,671
Adult continuing education	2,718,031	2,746,492	665,229	2,081,263
Community services	702,780	739,880	674,223	65,657
	<u>29,720,338</u>	<u>31,558,309</u>	<u>27,456,983</u>	<u>4,101,326</u>
EXCESS OF REVENUES COLLECTED OVER EXPENDITURES	<u>9,665,433</u>	<u>9,635,817</u>	<u>17,271,530</u>	<u>7,635,713</u>
OTHER FINANCING SOURCES				
Operating transfers in (out)	<u>(12,090,620)</u>	<u>(12,202,363)</u>	<u>(10,074,573)</u>	<u>2,127,790</u>
	<u>(12,090,620)</u>	<u>(12,202,363)</u>	<u>(10,074,573)</u>	<u>2,127,790</u>
(DEFICIT) OF REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES	<u>(2,425,187)</u>	<u>(2,566,546)</u>	<u>7,196,957</u>	<u>9,763,503</u>
FUND BALANCE, July 1, 2014	<u>7,586,633</u>	<u>7,586,633</u>	<u>7,586,633</u>	<u>-</u>
FUND BALANCE, June 30, 2015	<u>\$ 5,161,446</u>	<u>\$ 5,020,087</u>	<u>\$ 14,783,590</u>	<u>\$ 9,763,503</u>

See accompanying note to budgetary comparison schedules.

JOPLIN SCHOOLS
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES COLLECTED				
Local	\$ 8,158,660	\$ 8,158,660	\$ 8,380,956	\$ 222,296
County	240,000	240,000	177,778	(62,222)
State	17,585,134	17,585,134	18,943,692	1,358,558
Federal	3,091,368	2,778,196	2,110,426	(667,770)
Other	989,694	989,694	906,775	(82,919)
	<u>30,064,856</u>	<u>29,751,684</u>	<u>30,519,627</u>	<u>767,943</u>
EXPENDITURES				
Instruction	33,846,707	33,798,809	30,263,624	3,535,185
Student services	978,332	992,346	1,344,469	(352,123)
Instructional staff support	1,669,454	1,484,989	1,782,341	(297,352)
Building administration	2,508,739	2,508,739	1,841,130	667,609
General administration	262,419	262,419	302,975	(40,556)
Adult basic education	173,006	171,926	148,904	23,022
Adult continuing education	1,016,819	1,016,819	979,486	37,333
Community services	-	18,000	17,773	227
	<u>40,455,476</u>	<u>40,254,047</u>	<u>36,680,702</u>	<u>3,573,345</u>
(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES	(10,390,620)	(10,502,363)	(6,161,075)	4,341,288
OTHER FINANCING SOURCES				
Operating transfers in	<u>10,390,620</u>	<u>10,502,363</u>	<u>6,161,075</u>	<u>(4,341,288)</u>
EXCESS OF REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES	-	-	-	-
FUND BALANCE, July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to budgetary comparison schedules.

JOPLIN SCHOOLS
NOTE TO BUDGETARY COMPARISON SCHEDULES
June 30, 2015

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES COLLECTED				
Local	\$ 7,901,873	\$ 7,901,873	\$ 5,779,072	\$ (2,122,801)
County	250,000	250,000	313,136	63,136
	<u>8,151,873</u>	<u>8,151,873</u>	<u>6,092,208</u>	<u>(2,059,665)</u>
EXPENDITURES				
Debt Service	<u>8,119,000</u>	<u>8,119,000</u>	<u>8,115,912</u>	<u>3,088</u>
	<u>8,119,000</u>	<u>8,119,000</u>	<u>8,115,912</u>	<u>3,088</u>
EXCESS OF REVENUES COLLECTED OVER EXPENDITURES	32,873	32,873	(2,023,704)	(2,056,577)
FUND BALANCE, July 1, 2014	<u>7,468,806</u>	<u>7,468,806</u>	<u>7,468,806</u>	<u>-</u>
FUND BALANCE, June 30, 2015	<u>\$ 7,501,679</u>	<u>\$ 7,501,679</u>	<u>\$ 5,445,102</u>	<u>\$ (2,056,577)</u>

See accompanying note to budgetary comparison schedules.

JOPLIN SCHOOLS
BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES COLLECTED				
Local	\$ 2,407,079	\$ 77,079	\$ 60,499	\$ (16,580)
State	5,000,000	482,498	338,501	(143,997)
Federal	42,102,480	34,773,259	34,370,481	(402,778)
Other	-	289,110	359,179	70,069
	<u>49,509,559</u>	<u>35,621,946</u>	<u>35,128,660</u>	<u>(493,286)</u>
EXPENDITURES				
Instruction	3,840,000	3,048,261	2,675,099	373,162
Instructional staff support	393,000	657,551	451,273	206,278
Transportation	400,000	400,000	367,485	32,515
Food service	-	-	22,600	(22,600)
Adult continuing education	-	86,500	78,070	8,430
Community services	-	1,000	999	1
Facilities acquisition and construction	58,057,900	55,242,222	53,932,272	1,309,950
Other (Fin Fee, Etc.)	-	602,869	575,588	27,281
	<u>62,690,900</u>	<u>60,038,403</u>	<u>58,103,386</u>	<u>1,935,017</u>
(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES	<u>(13,181,341)</u>	<u>(24,416,457)</u>	<u>(22,974,726)</u>	<u>1,441,731</u>
OTHER FINANCING SOURCES				
Sale of school buses	-	-	18,607	18,607
Sale of other property	-	-	148,272	148,272
Operating transfers in	1,700,000	1,700,000	3,913,498	2,213,498
Proceeds from lease purchase agreement	-	65,500,000	65,500,000	-
Payments to lease purchase agreement	-	(46,100,000)	(46,094,683)	5,317
Net insurance recovery	8,000,000	3,840,259	3,848,250	7,991
	<u>9,700,000</u>	<u>24,940,259</u>	<u>27,333,944</u>	<u>2,393,685</u>
(DEFICIT) OF REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES	<u>(3,481,341)</u>	<u>523,802</u>	<u>4,359,218</u>	<u>3,835,416</u>
FUND BALANCE, July 1, 2014	<u>8,576,974</u>	<u>8,576,974</u>	<u>8,576,974</u>	<u>-</u>
FUND BALANCE, June 30, 2015	<u>\$ 5,095,633</u>	<u>\$ 9,100,776</u>	<u>\$ 12,936,192</u>	<u>\$ 3,835,416</u>

See accompanying note to budgetary comparison schedules.

JOPLIN SCHOOLS
SCHEDULE OF REVENUES COLLECTED BY SOURCE
Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
LOCAL					
Current taxes	\$ 24,605,653	\$ -	\$ 4,920,163	\$ -	\$ 29,525,816
Delinquent taxes	1,899,794	-	506,063	-	2,405,857
School district fund (Prop C)	-	7,225,229	-	-	7,225,229
Financial institution tax	-	-	6,876	34,389	41,265
M & M surcharge taxes	1,465,748	-	293,092	-	1,758,840
In lieu of taxes	-	-	5,219	26,100	31,319
Tuition from individuals	-	10,774	-	-	10,774
Tuition- post secondary	-	1,113,261	-	-	1,113,261
Earnings on investments	640	387	47,659	10	48,696
Food service program	483,243	-	-	-	483,243
Food service non-program	122,749	-	-	-	122,749
Student activities	1,557,402	-	-	-	1,557,402
Other	578,101	31,305	-	65,859,179	66,468,585
TOTAL LOCAL	30,713,330	8,380,956	5,779,072	65,919,678	110,793,036
COUNTY					
Fines, escheats, etc.	-	177,778	-	-	177,778
State assessed utilities	1,129,914	-	313,136	-	1,443,050
TOTAL COUNTY	1,129,914	177,778	313,136	-	1,620,828
STATE					
Basic formula	-	17,849,879	-	-	17,849,879
Transportation	743,777	-	-	-	743,777
Early childhood special education	560,781	453,395	-	-	1,014,176
Basic formula - classroom trust fund	2,803,115	-	-	-	2,803,115
Educational screening program/PAT	172,654	-	-	-	172,654
Vocational/Technical aid	-	586,781	-	-	586,781
Career education enhancement grant	-	-	-	338,501	338,501
Food service	29,291	-	-	-	29,291
Adult education and literacy grant	25,489	53,637	-	-	79,126
High need fund	367,957	-	-	-	367,957
Other	38,485	-	-	-	38,485
TOTAL STATE	4,741,549	18,943,692	-	338,501	24,023,742

See accountants' report on supplementary information.

JOPLIN SCHOOLS
SCHEDULE OF REVENUES COLLECTED BY SOURCE (CONTINUED)
Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
FEDERAL					
Medicaid	\$ 273,140	\$ -	\$ -	\$ -	\$ 273,140
Reserve officer training corps (ROTC)	-	55,449	-	-	55,449
Voc Ed Act - Title I Basic Grant	100,762	111,116	-	-	211,878
Adult education and literacy	32,792	92,485	-	-	125,277
IDEA	4,303	3,041	-	-	7,344
Early childhood special education	-	232,142	-	-	232,142
IDEA entitlement funds, Part B IDEA	1,326,393	73,000	-	-	1,399,393
School lunch program	2,083,551	-	-	-	2,083,551
School breakfast program	695,595	-	-	-	695,595
After school snack program	44,723	-	-	-	44,723
Title I, ESEA	2,096,926	1,502,693	-	80,972	3,680,591
Title III, ESEA	64,060	-	-	-	64,060
Title II, Part A - ESEA	638,661	40,500	-	-	679,161
Childcare Development Fund Grant	48,383	-	-	-	48,383
FEMA Funds	460,075	-	-	31,489,509	31,949,584
Summer food service program	137,110	-	-	-	137,110
Other	112,231	-	-	2,800,000	2,912,231
TOTAL FEDERAL	8,118,705	2,110,426	-	34,370,481	44,599,612
OTHER SOURCES					
Net insurance recovery	-	-	-	3,848,250	3,848,250
Sale of school buses	-	-	-	18,607	18,607
Sale of other property	-	-	-	148,272	148,272
Area voc fees from other LEAs	20,064	320,611	-	-	340,675
Contracted educational services	4,951	586,164	-	-	591,115
TOTAL OTHER SOURCES	25,015	906,775	-	4,015,129	4,946,919
TOTAL RECEIPTS	\$ 44,728,513	\$ 30,519,627	\$ 6,092,208	\$ 104,643,789	\$ 185,984,137

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.

See accountants' report on supplementary information.

JOPLIN SCHOOLS
SCHEDULE OF EXPENDITURES BY OBJECT
Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Salaries	\$ 11,874,347	\$ 29,624,680	\$ -	\$ -	41,499,027
Teacher retirement	16,952	4,428,024	-	-	4,444,976
Non-teacher retirement	749,466	6,896	-	-	756,362
Social security	724,858	73,668	-	-	798,526
Medicare	165,737	409,345	-	-	575,082
Employee insurance	1,059,232	2,138,089	-	-	3,197,321
Other benefits	399,158	-	-	-	399,158
Tuition	567,549	-	-	-	567,549
Professional services	34,600	-	-	-	34,600
Audit	34,750	-	-	-	34,750
Technical services	560,881	-	-	-	560,881
Legal services	122,519	-	-	-	122,519
Property services	1,236,430	-	-	-	1,236,430
Travel	376,446	-	-	-	376,446
Property insurance	333,283	-	-	-	333,283
Liability insurance	52,727	-	-	-	52,727
Fidelity premium	1,880	-	-	-	1,880
Other purchased services	1,515,994	-	-	-	1,515,994
General supplies	3,391,516	-	-	-	3,391,516
Regular textbook	444,511	-	-	-	444,511
Library books	75,995	-	-	-	75,995
Periodicals	285	-	-	-	285
Food supplies	1,173,281	-	-	-	1,173,281
Energy supplies	2,544,586	-	-	-	2,544,586
Land	-	-	-	9,448	9,448
Buildings	-	-	-	44,004,874	44,004,874
Improvements to sites	-	-	-	7,059,579	7,059,579
Equipment - general	-	-	-	4,835,397	4,835,397
Equipment - instructional apparatus	-	-	-	1,251,015	1,251,015
School buses	-	-	-	367,485	367,485
Principal	-	-	2,715,000	46,094,683	48,809,683
Interest	-	-	5,398,512	286,052	5,684,564
Other (Fin. Fees, Etc.)	-	-	2,400	289,536	291,936
TOTAL DISBURSEMENTS	\$ 27,456,983	\$ 36,680,702	\$ 8,115,912	\$ 104,198,069	\$ 176,451,666

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.

See accountants' report on supplementary information.

JOPLIN SCHOOLS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS
Year Ended June 30, 2015

<u>Plan</u>	<u>Year Ended*</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Pension as a Percentage of Total Pension Liability</u>
PSRS	6/30/2015	0.6972%	\$ 28,603,155	\$ 31,060,394	92.09%	89.30%
PEERS	6/30/2015	0.7452%	2,721,217	10,866,256	25.0%	91.3%

Note: this schedule is intended to show information for ten years. Additional years will be displayed as they become available.

*The data provided in the schedule is based as of the measurement date of PSRS' net pension liability, which is at the beginning of the district's fiscal year.

See accountants' report on supplementary information.

JOPLIN SCHOOLS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Year Ended June 30, 2015

Plan	Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
PSRS	6/30/2013	\$ 4,507,349	\$ 4,507,349	\$ -	\$ 311,872.41	14.45%
	6/30/2014	4,489,435	4,489,435	-	31,060,394	14.45%
PEERS	6/30/2013	\$ 754,805	\$ 754,805	\$ -	\$ 11,002,978	6.86%
	6/30/2014	745,425	745,425	-	10,866,256	6.86%

Note: this schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accountants' report on supplementary information.



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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, 2015, and the related notes to the financial statements, which collectively comprise Joplin Schools' basic financial statements, and have issued our report thereon dated November 10, 2015. 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.
Certified Public Accountants

Joplin, Missouri
November 10, 2015



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY 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, 2015. 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, 2015.

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 purpose.


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

Joplin, Missouri
November 10, 2015

JOPLIN SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 695,595
National School Lunch Program - Cash	10.555	049-148	2,083,551
National School Lunch Program - Commodities	10.555	049-148	238,817
After School Snacks Program	10.555	049-148	44,723
Missouri Department of Health Services			
Child Nutrition Cluster			
Summer Food Service Program	10.559	ERS046-19315	137,110
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 3,199,796</u>
U.S. DEPARTMENT OF EDUCATION			
Direct Programs:			
Student Financial Aid Cluster			
Federal Pell Grant Program	84.063	N/A	\$ 445,706
Federal Family Educational Loan Program	84.032	N/A	802,852
Federal Emergency Mgmt. Agency (FEMA) Funds	97.036	N/A	31,949,584
Missouri Department of Elementary and Secondary Education			
Title I, Grants to LEAs	84.010	049-148	3,607,029
Title I, Part D - Grants to LEAs	84.010	049-148	73,562
Title II, Part A - Improving Teacher Quality State Grants	84.367	049-148	679,161
Title III - LEP - English Language Acquisition Grants	84.365	049-148	64,060
Special Education Grants to States	84.027	049-148	1,638,880
Adult Education - Basic Grants to States	84.002	049-148	125,277
Perkins Basic Grant - Secondary - Career and Technical Education	84.048	049-148	211,878
Youth Risk Behavior Survey	93.079	049-148	1,000
School Age Community	93.575	049-148	48,383
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 39,647,372</u>
U.S. DEPARTMENT OF DEFENSE			
Direct Programs:			
Junior Reserve Officers Training Corp Unit	12.000	N/A	\$ 55,449
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>\$ 55,449</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grant	14.218	N/A	\$ 111,231
Community Development Block Grant	14.228	DT-JOPCFI	2,800,000
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 2,911,231</u>
TOTAL FEDERAL AWARDS			<u>\$ 45,813,848</u>

See accompanying notes to schedule of expenditures of federal awards.

JOPLIN SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

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, 2015

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 was determined to be 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, 2015

There were no prior year audit findings.



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EUGENE M. MENSE, JR., C.P.A. (1929 - 2006)
CHRIS D. CHURCHWELL, C.P.A.
EUGENE M. MENSE III, C.P.A.

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 November 10, 2015, 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, 2014, the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2015; 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, 2015. 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, 2015 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.

A handwritten signature in black ink, appearing to read "Mense, Churchwell & Mense P.C.", written in a cursive, stylized script.

MENSE, CHURCHWELL & MENSE, P.C.

Certified Public Accountants

Joplin, Missouri
November 10, 2015

JOPLIN SCHOOLS
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2015

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	1114.99
Grades 6 - 8	1104.19
Grades 9 - 12	1096.09

B. The number of days that classes were in session and pupils were under the direction of the teachers this school year was 164.

2. Average Daily Attendance (ADA)

	<u>Full-time Part-time</u>	<u>Remedial</u>	<u>Total</u>
Average Daily Attendance (ADA):			
Regular term:			
Kindergarten - Grade 5	3,607.38	7.38	3,614.76
Grades 6 - 8	1,618.88	1.12	1,620.00
Grades 9 - 12	1,922.61	0.80	<u>1,923.41</u>
Total regular term			7,158.17
Summer school average daily attendance			<u>115.06</u>
Total Average Daily Attendance			<u><u>7,273.23</u></u>

3. September Membership

September Membership FTE Count	<u><u>7,640.10</u></u>
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JOPLIN SCHOOLS
SCHEDULE OF SELECTED STATISTICS - CONTINUED
YEAR ENDED JUNE 30, 2015

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

State FTE Total	Free	3,981.81
	Reduced	<u>638.59</u>
	Total	<u><u>4,620.40</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 2013-2014 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 expenditure 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: | \$ 169,352 |

JOPLIN SCHOOLS
SCHEDULE OF SELECTED STATISTICS - CONTINUED
YEAR ENDED JUNE 30, 2015

6. Transportation (Section 163.161, RSMo)

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 Ineligible	2,971.50 -
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:		701,418
	Of this total, the eligible non-disabled and students with disabilities routes miles and the ineligible non-route and disapproved miles (combined) was:	Eligible Ineligible	591,968 109,450
F.	Number of days the District operated the school transportation system during the regular school year:		164