

WARREN COUNTY R-III SCHOOL DISTRICT
FINANCIAL STATEMENTS

June 30, 2014

WARREN COUNTY R-III SCHOOL DISTRICT

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Independent Auditors' Report

Board of Education
Warren County R-III School District

We have audited the accompanying financial statements of the governmental activities and each major fund of Warren County R-III School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements 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 fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities and each major fund of the Warren County R-III School District, as of June 30, 2014, and the respective changes in financial position – modified cash basis thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 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 opinions are not modified with respect to that matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren County R-III School District's basic financial statements. The management's discussion and analysis on pages 5 through 12 and budgetary comparison information on pages 29 through 33 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The management's discussion and analysis and budgetary comparison information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2014, on our consideration of the Warren County R-III School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Warren County R-III School District's internal control over financial reporting and compliance.

Kerber, Eck & Brandel LLP

St. Louis, Missouri
November 18, 2014

WARREN COUNTY R-III SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED

The Management's Discussion and Analysis (MD&A) of Warren County R-III School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this MD&A is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the District's 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. Additional information on the District's modified cash basis of accounting can be found in the notes to the financial statements.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2014 are as follows:

- In total, net position decreased \$313,021, which represents a 3.28 percent decrease from 2013.
- General revenues accounted for \$27,073,320* in revenue or 84.7 percent of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions accounted for \$4,880,041* or 15.3 percent of total revenues of \$31,953,361*.
- The District had \$32,266,382* in expenses, which represents a \$1,591,339 increase from 2013 or a 5.19 percent increase in expenses.
- The District had a \$6,085,000 bond refunding issue on April 11, 2014.

* Excluding 2014 bond refunding issue

- Among major funds, the General Fund had \$13,117,003 in revenues and \$11,434,684 in expenditures. The General Fund's balance increased by \$398,889 for FY2014. The District transferred \$803,430 and \$480,000 from the General Fund to the Special Revenue (Teachers') Fund and the Capital Projects Fund, respectively. The Special Revenue Fund continues to maintain a zero fund balance through transfers from the General Fund.

Using this Annual Report

The District's basic financial statements consist of a series of financial statements and the associated notes to those statements. The statements are organized so the reader can understand the operations of the District as a whole (i.e., an entire operating entity). The "Basic Financial Statements" section includes government-wide financial statements, fund financial statements and notes to financial statements.

WARREN COUNTY R-III SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED

The government-wide financial statements, consisting of the Statement of Net Position – modified cash basis and the Statement of Activities – modified cash basis (see pages 13 and 14), provide highly consolidated financial information and render a government-wide perspective of the District’s modified cash basis financial condition. They present an aggregate view of the District’s basic finances. These statements seek to answer the question, “How did the District do financially during the year ended June 30, 2014?” In short, is the District better financially this year, or is it worse than the prior year? These statements include all cash and investments using the modified cash basis of accounting.

By showing the change in net position (modified cash basis) for the year, the reader may ascertain whether the District’s modified cash basis financial condition has improved or deteriorated. The changes which are discussed in this MD&A may be financial or non-financial in nature. Non-financial factors which may have an impact on the District’s financial condition include increases in or erosion of the property tax base within the District, facilities maintenance and condition, mandated educational programs for which little or no funding is provided or other external factors.

To provide a more in-depth reporting of the District’s modified cash basis financial position and changes in modified cash basis financial position, fund financial information is presented in the “Fund Financial Statements” section beginning on page 15. These fund financial statements, which should be familiar to those who have read previous governmental financial statements, report governmental activities indicating modified cash basis sources and uses of funding.

Fund financial statements also provide more in-depth data on the District’s most significant funds: General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund. These funds are considered “major funds” under GASB Statement No. 34. The relationship between governmental activities reported in the government-wide financial statements and the governmental funds reported in the fund financial statements is the same under the modified cash basis of accounting.

Government-Wide Financial Analysis

Net position of the District was \$9,227,688 at June 30, 2014, compared to net position of \$9,540,709 at June 30, 2013. Net position of the District consist of the following at June 30,:

	<u>2014</u>	<u>2013</u>
Restricted	\$ 2,020,814	\$ 2,020,598
Unrestricted	<u>7,206,874</u>	<u>7,520,111</u>
Total net position	<u>\$ 9,227,688</u>	<u>\$ 9,540,709</u>

The restricted net position is restricted for the payment of principal and interest on general obligations bonds and for food service.

WARREN COUNTY R-III SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED

Governmental Activities

Key elements of the change in net position is as follows for the year ended June 30,:

	2014	2013
Revenues collected		
Program revenues		
Charges for services	\$ 1,070,369	\$ 1,082,940
Operating grants and contributions	3,809,672	4,129,996
General revenues		
Taxes	15,014,930	14,561,736
Grants and entitlements	12,015,513	11,672,610
Interest and investment earnings	42,877	46,768
Proceeds of refunding bonds issued	6,085,000	-
Total revenues collected	38,038,361	31,494,050
Expenses paid		
Instruction	15,653,651	14,720,280
Student services	1,054,795	964,863
Instructional staff support	1,054,641	1,124,226
Building administration	1,892,531	1,825,415
General administration and central services	1,721,300	1,808,225
Operation of plant	2,758,513	2,619,552
Security services	47,950	44,176
Pupil transportation	1,905,455	1,491,703
Food service	1,503,321	1,482,535
Community services	353,994	366,656
Facility acquisition and construction	890,325	941,673
Principal, interest and fiscal charges	9,514,906	3,285,739
Total expenses paid	38,351,382	30,675,043
Changes in net position	(313,021)	819,007
Net position at beginning of year	9,540,709	8,721,702
Net position at end of year	\$ 9,227,688	\$ 9,540,709

WARREN COUNTY R-III SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED

As reflected on the previous page, the expenses of the District's governmental activities for the years ended June 30, 2014 and 2013, of \$32,266,382* and \$30,675,043, respectively, are not all borne by the taxpayers of the District. Of these amounts \$1,070,369 and \$1,082,940 were paid by those who benefited from the services rendered (i.e., charges for school lunches) and \$3,809,672 and \$4,129,996 were paid through federal and state operating and capital grants and contributions for the years ended June 30, 2014 and 2013, respectively.

Governmental Funds Financial Analysis

The District uses funds to control and manage money for particular purposes (i.e., dedicated taxes and bond proceeds). The fund basis financial statements allow the District to demonstrate its stewardship over and accountability for resources provided by the taxpayers and other entities. These statements also allow the reader to obtain more insight into the financial workings of the District and further assess the District's financial health.

The District completed the fiscal year ended June 30, 2014 with a combined fund balance for governmental funds (as presented in the Balance Sheet – modified cash basis on page 15) of \$9,227,688, as compared to a combined fund balance of \$9,540,709 as of June 30, 2013, a decrease of \$313,021.

The fund balance of the operating funds (General and Special Revenue) increased by \$398,926 as compared to an increase of \$318,290 the previous year. The increase in FY14 was due to conservative spending in all departments throughout the District.

The fund balance of the Debt Service Fund increased \$32,859 in FY14 and increased \$70,655 in FY13. The increase in FY14 and increase in FY13 were due to revenue receipts in excess of scheduled debt payments.

The \$1,639,816 fund balance of the Debt Service Fund is legally restricted for payment of bond principal, interest and related fees.

The fund balance of the Capital Projects Fund decreased by \$744,769 in FY14. In contrast, the fund balance of the Capital Projects Fund in FY13 increased by \$430,062. The current year decrease is due to capital project expenditures not being completed and/or purchased in 2012-13. Therefore the FY14 funds in the Capital Projects reserve were used to complete those projects or purchases. The District will continue to be conservative in the Capital Projects Fund in preparation for possible facility improvements/additions in future years.

WARREN COUNTY R-III SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED

The major source of revenue for operations, debt service and capital improvements is local property taxes amounting to \$10,750,343. This is derived from the District's operating levy of \$3.4312, debt service levy of \$.6189 and capital projects levy of \$.0814 for a total levy of \$4.1315. Other significant local revenues are sales tax of \$2,732,896, Financial Institution Tax of \$50,745, M&M Surtax of \$231,280, In Lieu of Tax of \$243,685, earnings on investments of \$42,877, food service of \$417,327, student activities of \$530,721 and community services and miscellaneous of \$239,838.

County revenues are derived from state assessed utility property of \$829,247 and county fines of \$176,733.

Total state funding, which makes up 42.1% of total revenues collected, increased from prior year by \$344,401 to \$13,457,602. The majority of the state revenue comes from basic formula, transportation and early childhood special education.

Federal funding, which makes up 6.9% of total revenues collected, decreased to \$2,218,910 from \$2,564,995 the previous year. The majority of the federal revenues for FY14 are from the Title program reimbursements of \$505,275 special education of \$559,652 and child nutrition programs of \$1,043,808.

Total governmental funds expenditures paid were \$32,266,382, excluding the bond refunding, for the year compared to \$30,675,043 the previous year. The General Fund accounts for \$11,434,684 or 35.4% of the total expenditures. The Special Revenue (Teachers') Fund accounts for \$16,087,553 or 49.8% of total expenditures and consists of certificated teacher salaries and benefits. Debt Service Fund expenditures of \$1,707,560 or 5.3% of total expenditures, are for principal and interest on general obligation bonds. Capital Projects Fund expenditures of \$3,036,585, or 9.5% of total expenditures, are for construction projects, facility repairs, equipment, purchase of property and base rentals required to be paid for Lease Certificates of Participation.

WARREN COUNTY R-III SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED

The following table summarizes the governmental fund revenues collected and expenditures paid (not including other financing sources and uses) for the year ended June 30,:

	Revenues collected			
	2014	%	2013	%
Local	\$ 15,239,835	47.8%	\$ 14,800,636	46.9%
County	1,005,980	3.1%	969,305	3.1%
State	13,457,602	42.1%	13,113,201	41.7%
Federal	2,218,910	6.9%	2,564,995	8.2%
Other	31,034	0.1%	20,094	0.1%
	<u>\$ 31,953,361</u>	<u>100.0%</u>	<u>\$ 31,468,231</u>	<u>100.0%</u>
	Expenditures paid			
	2014	%	2013	%
Instruction	\$ 15,633,250	48.5%	\$ 14,704,486	47.9%
Support services	11,534,993	35.7%	11,008,206	35.9%
Capital outlay	1,314,239	4.1%	1,309,957	4.3%
Debt service	3,429,906	10.6%	3,285,739	10.7%
Community service and other	353,994	1.1%	366,656	1.2%
	<u>\$ 32,266,382</u>	<u>100.0%</u>	<u>\$ 30,675,044</u>	<u>100.0%</u>

Budgetary Highlights

Over the course of the year, the Board of Education revised the District's budget to take into consideration expected changes in revenues collected or expenditures paid. Missouri statutes for public school finance, Section 67.010, RSMo, require a budget amendment if anticipated expenditures are in excess of budgetary goals. The original budget was adopted on June 19, 2013 and the final budget amendment was adopted on October 10, 2013.

Schedules comparing revenues and expenditures to the original and final budgets by fund are provided on pages 29 through 32. General Fund revenues were higher than the original budget due to the collection of local property taxes and state assessed utilities being higher than anticipated. The General Fund expenditures were lower than the final budget due to cuts made to expenditures in the budget during the year. In addition, there were select capital expenditures that were removed from the 2012-13 budget and placed into the 2013-14 budget.

WARREN COUNTY R-III SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED

Capital Assets and Debt Administration

Capital Assets

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

Long-term Obligations

At June 30, 2014, the District had outstanding general obligation bonds of \$16,085,000 after principal reductions of \$1,000,000 made during the year.

State statutes limit the amount of general obligation debt a school district may issue to 15% of assessed valuation. The debt limitation, computed excluding the assessed valuation of State assessed railroad and utilities, is \$38,802,681 at June 30, 2014, based on the December 31, 2013 assessed values.

The District has lease certificates of participation with outstanding balances totaling \$5,355,000 at June 30, 2014.

The District operates on the modified cash basis of accounting; therefore, payments on long-term debt are recorded as expenditures. Long-term debt is not reflected in the financial statements. Commitments for long-term debt and other obligations are disclosed in the notes to the financial statements in Note 3.

Economic Factors and Next Year's Budget

The District's administration continues to monitor developments unfolding within the Missouri Legislature affecting educational funding. Senate Bill 287 established a new foundation formula to be phased in over a period of seven years beginning with the 2006-07 school year. Projections for 2014-15 state revenues are based on current data, but are subject to revision as the State's financial condition changes and new information is provided throughout the year.

At the time these financial statements were prepared, the District was aware of the following impacts on the 2014-15 budget:

- On assessed valuation of real estate, calendar year 2014 is not a reassessment year. The District is estimating taxes from assessed valuations will not fluctuate significantly. The District will continue to closely monitor assessed valuations in the future.
- State formula and classroom trust revenues are projected to increase approximately \$570,000 for 2014-15. The state formula/classroom trust calculation is based on the highest of the prior three year's weighted average daily attendance which is calculated using enrollment and attendance. The enrollment is projected to remain relatively constant or increase slightly over the next several years.

WARREN COUNTY R-III SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED

- The Governor has withheld several million dollars from the 2014-15 state budget that may potentially affect K-12 funding if the funds are not eventually released. This would, in turn, influence the District's state revenue projections.
- Transportation revenue is expected to remain constant in 2014-15. Transportation revenue will still be expected to be less than the 2010-11 funding level. This area will continue to be monitored.

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the Warren County R-III School District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report, please contact Tony Chance, Director of Finance at the Administrative Office.

WARREN COUNTY R-III SCHOOL DISTRICT

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2014

	Governmental activities
ASSETS	
Cash and investments	\$ 8,720,587
Restricted investments	<u>660,423</u>
TOTAL ASSETS	<u><u>\$ 9,381,010</u></u>
LIABILITIES	
Payroll withholdings	\$ 153,322
NET POSITION	
Restricted for:	
Food service	380,998
Debt service	1,639,816
Unrestricted	<u>7,206,874</u>
Total net position	<u><u>9,227,688</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 9,381,010</u></u>

See notes to financial statements.

WARREN COUNTY R-III SCHOOL DISTRICT

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year ended June 30, 2014

Function/Program	Expenses	Program revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Total governmental activities
Governmental activities					
Instruction	\$ 15,653,651	\$ 578,765	\$ 2,131,788	\$ -	\$ (12,943,098)
Attendance	41,795	-	-	-	(41,795)
Guidance	692,710	-	-	-	(692,710)
Health services	320,290	-	110,175	-	(210,115)
Improvement of instruction	521,201	-	-	-	(521,201)
Professional development	112,429	-	112,429	-	-
Media services	421,011	-	-	-	(421,011)
Board of Education services	70,603	-	-	-	(70,603)
Executive administration	1,134,807	-	-	-	(1,134,807)
Building level administration	1,892,531	-	-	-	(1,892,531)
Operation of plant	2,758,513	9,550	-	-	(2,748,963)
Security services	47,950	-	-	-	(47,950)
Pupil transportation	1,905,455	4,233	353,798	-	(1,547,424)
Food services	1,503,321	417,327	1,055,482	-	(30,512)
Business and central services	515,890	-	-	-	(515,890)
Community services	353,994	60,494	46,000	-	(247,500)
Facilities acquisition and construction	890,325	-	-	-	(890,325)
Debt service					
Principal retirement	8,620,000	-	6,085,000	-	(2,535,000)
Interest and other fiscal charges	894,906	-	-	-	(894,906)
Total governmental activities	\$ 38,351,382	\$ 1,070,369	\$ 9,894,672	\$ -	(27,386,341)
General revenues					
Taxes					
Property taxes					11,276,053
Sales taxes					2,732,896
State aid not restricted to specific programs					12,015,513
Fines and forfeitures					176,734
State assessed utilities					829,247
Investment income					42,877
Total general revenues					27,073,320
Decrease in net position					(313,021)
Net position at July 1, 2013					9,540,709
Net position at June 30, 2014					\$ 9,227,688

See notes to financial statements.

WARREN COUNTY R-III SCHOOL DISTRICT

BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

June 30, 2014

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$ 6,367,762	\$ -	\$ 1,162,797	\$ 1,190,028	\$ 8,720,587
Restricted investments	-	-	660,423	-	660,423
Due from Debt Service Fund	183,404	-	-	-	183,404
Total assets	<u>\$ 6,551,166</u>	<u>\$ -</u>	<u>\$ 1,823,220</u>	<u>\$ 1,190,028</u>	<u>\$ 9,564,414</u>
LIABILITIES					
Payroll withholdings	\$ 153,322	\$ -	\$ -	\$ -	\$ 153,322
Due to General Fund	-	-	183,404	-	183,404
Total Liabilities	153,322	-	183,404	-	336,726
FUND BALANCES					
Restricted					
Food service	380,998	-	-	-	380,998
Debt service	-	-	1,639,816	-	1,639,816
Assigned					
Student activities	240,546	-	-	-	240,546
Capital projects	-	-	-	1,190,028	1,190,028
Unassigned	5,776,300	-	-	-	5,776,300
Total fund balances	<u>6,397,844</u>	<u>-</u>	<u>1,639,816</u>	<u>1,190,028</u>	<u>9,227,688</u>
Total liabilities and fund balances	<u>\$ 6,551,166</u>	<u>\$ -</u>	<u>\$ 1,823,220</u>	<u>\$ 1,190,028</u>	<u>\$ 9,564,414</u>

See notes to financial statements.

WARREN COUNTY R-III SCHOOL DISTRICT

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues					
Local	\$ 10,144,291	\$ 2,735,152	\$ 1,622,186	\$ 738,206	\$ 15,239,835
County	686,096	176,734	118,233	24,917	1,005,980
State	1,128,400	11,280,509	-	1,048,693	13,457,602
Federal	1,153,983	1,064,927	-	-	2,218,910
Other	4,233	26,801	-	-	31,034
Total revenues	13,117,003	15,284,123	1,740,419	1,811,816	31,953,361
Expenditures					
Current					
Instruction	2,751,663	12,881,587	-	-	15,633,250
Attendance	41,795	-	-	-	41,795
Guidance	8,526	684,184	-	-	692,710
Health services	257,227	63,063	-	-	320,290
Improvement of instruction	342,043	179,158	-	-	521,201
Professional development	60,905	51,524	-	-	112,429
Media services	66,357	354,654	-	-	421,011
Board of Education services	70,603	-	-	-	70,603
Executive administration	720,736	394,092	-	-	1,114,828
Building level administration	558,590	1,333,941	-	-	1,892,531
Operation of plant	2,672,097	-	-	-	2,672,097
Security services	47,950	-	-	-	47,950
Pupil transportation	1,650,840	-	-	-	1,650,840
Food services	1,460,818	-	-	-	1,460,818
Business and central services	515,890	-	-	-	515,890
Community services	208,644	145,350	-	-	353,994
Capital outlay	-	-	-	1,314,239	1,314,239
Debt service	-	-	-	-	-
Principal retirement	-	-	1,000,000	1,535,000	2,535,000
Interest and other fiscal charges	-	-	707,560	187,346	894,906
Total expenditures	11,434,684	16,087,553	1,707,560	3,036,585	32,266,382
Excess of revenues over (under) expenditures	1,682,319	(803,430)	32,859	(1,224,769)	(313,021)
Other financing sources (uses)					
Transfers in (out)	(1,283,430)	803,430	-	480,000	-
Proceeds from refunding bonds	-	-	6,085,000	-	6,085,000
Debt service - principal	-	-	(6,085,000)	-	(6,085,000)
Total other financing sources (uses)	(1,283,430)	803,430	-	480,000	-
NET CHANGE IN FUND BALANCE	398,889	-	32,859	(744,769)	(313,021)
Fund balance at July 1, 2013 (as previously reported)	6,092,845	-	1,606,957	1,840,907	9,540,709
Prior period adjustment	(93,890)	-	-	93,890	-
Fund balance at July 1, 2013 (as restated)	5,998,955	-	1,606,957	1,934,797	9,540,709
Fund balance at June 30, 2014	\$ 6,397,844	\$ -	\$ 1,639,816	\$ 1,190,028	\$ 9,227,688

See notes to financial statements.

WARREN COUNTY R-III SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Warren County R-III School District (the District), established in 1946 under the Statutes of the State of Missouri, is governed by an elected seven-member board as described in RSMo Chapter 162. The Board of Education is the basic level of government that has financial accountability and control over all activities related to public school education in the District.

The District's financial statements are presented on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB).

Principles Determining the Scope of Reporting Entity

Generally accepted accounting principles require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) 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 criteria have been considered and there are no other agencies or entities that should be presented with the District.

While parent-teacher organizations of the District's schools provide financial support exclusively to the District, they are not included as a component unit because the amount of financial support provided is of a de minimis nature.

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. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as program revenues include charges paid by the students for goods and services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

WARREN COUNTY R-III SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Fund Financial Statements

The fund financial statements of the reporting entity are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The emphasis is placed on major funds. Each major fund is presented in a separate column while nonmajor funds, if applicable, are aggregated and presented in a single column.

The major funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the District and is used to account for expenditures for noncertified employees, pupil transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program and any expenditures not required to be accounted for in another fund.

Special Revenue Fund

The Special Revenue Fund is used to account for specific revenue sources that are legally restricted for the payment of salaries and certain employee benefits for certified personnel.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for the periodic payment of principal, interest and fiscal charges on general long-term debt.

Capital Projects Fund

The Capital Projects Fund is used to account for resources to be used for the acquisition or construction of major capital assets.

Basis of Accounting

The government-wide financial statements and fund financial statements are prepared using the modified cash basis of accounting. This basis of accounting recognizes assets, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions except that the purchase of investments are recorded as assets and payroll withholdings are recorded as liabilities. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

WARREN COUNTY R-III SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, general obligation bonds payable and obligations under capital leases) and certain expenses (such as expenses for goods or services received but not yet paid) 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, while the government-wide financial statements would be presented on the accrual basis of accounting.

Property 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 tax and remits it to the District.

The District also receives sales tax collected by the state and remitted based on eligible pupils. The District is required to reduce the property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year. On April 4, 1995, the patrons of the District voted to forego this reduction in property taxes, thus earmarking the entire amount for education.

The assessed valuation of the tangible taxable property for the calendar year 2013 and 2012 for purposes of local taxation was \$258,684,538 and \$257,396,746.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2013 and 2012 for purposes of local taxation was:

	December 31,	
	2013	2012
General Fund	\$ 3.4312	\$ 3.4104
Debt Service Fund	0.6189	0.6189
Capital Projects Fund	0.0814	0.0814
Total	<u>\$ 4.1315</u>	<u>\$ 4.1107</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2014, aggregated approximately 99% of the current assessment computed on the basis of the levy as shown above.

WARREN COUNTY R-III SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Cash and Investments

Cash resources from all funds, except the Debt Service Fund, are combined to form a pool of cash and temporary investments which is managed by the District Treasurer. State law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District. Interest income earned is allocated to contributing funds based on each funds' proportionate share of funds invested.

The District may invest in United States Treasury-bills, notes, bonds, government agency and instrumentality obligations, repurchase agreements collateralized by government securities, time certificates of deposit, bankers' acceptances issued by domestic commercial banks and commercial paper issued by domestic corporations. Investments are reported at cost which approximates fair value.

Post Employment Benefits

In addition to the pension benefits described in Note 4, the District allows employees who retire from the District to participate in the District's health, dental and life insurance plans. Upon meeting the retirement requirements per PSRS or PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand alone financial report is not available for the plan.

Restricted Assets

Restricted assets consists of cash and investments that are legally restricted as to their use and include deposits escrowed under the Missouri Direct Deposit Program.

Net Position

In the government-wide financial statements, equity is classified as net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments. All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

WARREN COUNTY R-III SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Fund Balances

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes, determined by a resolution of the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's adopted policy, amounts may be assigned by the Chief Financial Officer.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. District policy requires a minimum unassigned fund balance of 10% of total General Fund and Special Revenue Fund expenditures in order to cover unexpected expenditures and revenue shortfalls.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Interfund Activity

Interfund transfers are reported as other financing sources (uses) in the governmental funds. A transfer was made from the General Fund to the Special Revenue Fund to maintain a zero fund balance in the Special Revenue Fund. A transfer was made from the General Fund to the Capital Projects Fund to cover capital outlay expenditures.

WARREN COUNTY R-III SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS

The District is governed by the deposit and investment limitations of state law.

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. The direct deposits occur monthly and the balance is withdrawn every six months to pay the debt service requirement of the related bond issues. At June 30, 2014, the District had \$660,423 in this program, which has been classified as investments.

The District also has investments with the Missouri Security Investment Program (MoSIP). All funds of MoSIP are invested in accordance with Section 165.051 of the Missouri Revised Statutes. Each school district owns a pro rata share of each investment or deposit which is held in the name of the Fund. The District had \$4,877,705 invested through MoSIP at June 30, 2014.

The cash and investments are reported at cost, and are as follows at June 30, 2014:

Type	Maturities	Cost
Deposits		
Demand deposits	N/A	\$ 3,842,882
Investments		
External investment pool		
MOHEFA	< 1 year	660,423
MoSIP	< 1 year	<u>4,877,705</u>
Total deposits and investments		<u><u>\$ 9,381,010</u></u>

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. As of June 30, 2014, the District's bank balances were entirely secured or collateralized with securities held by the District or by its agent in the District's name.

WARREN COUNTY R-III SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Custodial Credit Risk – Investments

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 investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government or are held by the party who sold the security to the district or its agent, but not in the government's name. The District does not have a policy for custodial credit risk for investments. The District's investments were not exposed to custodial credit risk at year end.

Interest Rate Risk

The District minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investments portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities. Investments in bankers' acceptances and commercial paper shall mature in no more than 180 days from purchase date and all other investments shall mature and become payable in no more than five years from purchase date. Maturities of investments held at June 30, 2014 are summarized in the schedule on the previous page.

Investment Credit Risk

Investment credit risk is the risk that an insurer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To minimize credit risk, the District prequalifies the institutions, brokers/dealers, intermediaries and advisors with which the District will do business and by diversifying the portfolio so that potential losses on individual securities will be minimized.

The District's investments were rated as follows at June 30, 2014:

Description	Amount	Rating
External investment pool		
Missouri Security Investment Program	\$ 4,877,705	AAAm
Missouri Direct Deposit Program	660,423	AAA

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the District for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments).

WARREN COUNTY R-III SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

The District places no limitation on the amount it may invest in any one issuer. At June 30, 2014, the District had no investments other than external investment pools.

NOTE 3 – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2014:

	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014	Amounts due within one year
Bonds payable	\$ 17,085,000	\$ 6,085,000	\$ (7,085,000)	\$ 16,085,000	\$ 1,200,000
Lease certificates of participation	6,890,000	-	(1,535,000)	5,355,000	1,225,000
Total	<u>\$ 23,975,000</u>	<u>\$ 6,085,000</u>	<u>\$ (8,620,000)</u>	<u>\$ 21,440,000</u>	<u>\$ 2,425,000</u>

Principal and interest on all bonded indebtedness is paid through the Debt Service Fund. Repayment of the bond issues are made through the Missouri Direct Deposit Program. Lease payments related to the Certificates of Participation are made by the Capital Projects Fund.

Bonds Payable

Bonds payable consist of the following at June 30, 2014:

Date issued	Maturity date	Rate of interest	Original issue amount	Balance at June 30, 2014
5/25/2006	3/1/2026	3.90% - 4.75%	\$ 18,000,000	\$ 10,000,000
4/11/2014	3/1/2020	0.4% - 1.55%	6,085,000	<u>6,085,000</u>
				<u>\$ 16,085,000</u>

On April 11, 2014, the District issued \$6,085,000 in general obligation refunding bonds, Series 2014, to current refund all of the outstanding Series 2010A general obligation bonds. The refunding was undertaken to reduce total debt service payments by \$318,262 which resulted in an economic gain of \$291,247 (the difference between the present value of the old debt service requirements and the present value of the new debt service requirements).

WARREN COUNTY R-III SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

The annual requirements to amortize bonded debt outstanding are as follows at June 30, 2014:

Year ending June 30,	Principal	Interest	Total
2015	\$ 1,200,000	\$ 522,493	\$ 1,722,493
2016	1,200,000	523,630	1,723,630
2017	900,000	517,630	1,417,630
2018	900,000	510,880	1,410,880
2019	935,000	501,880	1,436,880
2020-2024	7,550,000	1,933,725	9,483,725
2025-2026	3,400,000	242,250	3,642,250
	<u>\$ 16,085,000</u>	<u>\$ 4,752,488</u>	<u>\$ 20,837,488</u>

Lease Certificates of Participation

Lease certificates of participation consist of the following at June 30, 2014:

Date issued	Maturity date	Rate of interest	Original issue amount	Balance at June 30, 2014
4/14/2010	3/1/2020	1.00% - 4.125%	\$ 10,240,000	\$ 4,915,000
6/20/2012	4/15/2020	0.08% - 2.25%	580,000	440,000
				<u>\$ 5,355,000</u>

WARREN COUNTY R-III SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

The Missouri Association of Rural Education (Association) is a not-for-profit corporation under Missouri law first organized in June 1987 for the purpose of assisting public school districts located in Missouri with financing projects pursuant to Section 177.088 RSMo. During the fiscal year 2010, the Association issued \$10,240,000 Missouri Association of Rural Education Lease Refunding and Improvement Certificates of Participation (Series 2010) which represent proportionate ownership interest in the right to receive rental payments from the District under a Project Lease Agreement dated April 14, 2010, between the Association and the District. The Series 2010 Refunding Certificates are being executed and delivered pursuant to a trust agreement dated April 14, 2010, between the Association and UMB Bank N.A. The proceeds from the sale of the certificates were used to prepay \$4,000,000 Series 1999 certificates of an existing project lease agreement with the Association dated February 16, 1999, and prepay \$5,875,000 of the Series 2005 certificates of an existing lease agreement with the Association dated March 16, 2005. The remaining proceeds were used to fund the costs of installing field turf at the football field and other improvements to existing facilities of the District. Proceeds from the Series 1999 certificates were used to refund the callable portion of the Series 1996 certificates. Proceeds from the Series 2005 certificates were used to fund energy conservation and efficiency improvements at various District buildings through a Guaranteed Performance Contract with Control Technology & Solutions.

During the fiscal year 2011, the Association issued \$580,000 of Missouri Association of Rural Education Lease Certificates of Participation (Series 2012) which represent proportionate ownership interest in the right to receive rental payments from the District under a Project Lease Agreement dated June 20, 2012, between the Association and the District. The Series 2012 Certificates are being executed and delivered pursuant to a trust agreement dated June 20, 2012, between the Association and UMB Bank N.A. The proceeds from the sale of the certificates were used to fund the acquisition, renovation, equipping and furnishing of an early childhood center as well as other improvements to existing facilities of the District.

The following schedule shows the base rentals required to be paid by the District.

Year ending June 30,	Principal	Interest	Total
2015	\$ 1,225,000	\$ 186,562	\$ 1,411,562
2016	710,000	151,037	861,037
2017	755,000	128,562	883,562
2018	800,000	102,600	902,600
2019	815,000	73,194	888,194
2020	1,050,000	41,906	1,091,906
	<u>\$ 5,355,000</u>	<u>\$ 683,861</u>	<u>\$ 6,038,861</u>

WARREN COUNTY R-III SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Legal Debt Margin

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 (including State assessed railroad and utility). The legal debt margin, computed excluding the assessed valuation of State assessed railroad and utilities, of the District at June 30, 2014, was:

Constitutional debt limit	\$ 38,802,681
General obligation bonds payable	(16,085,000)
Amount available in Debt Service Fund	<u>1,639,816</u>
Legal debt margin	<u><u>\$ 24,357,497</u></u>

NOTE 4 – RETIREMENT PLANS

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

PSRS members are required to contribute 14.5% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the years ended June 30, 2014, 2013 and 2012 were \$1,966,446, \$1,782,300, and \$1,695,274, respectively, equal to the required contributions.

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

WARREN COUNTY R-III SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

PEERS members are required to contribute 6.86% of the annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the Board of Trustees. The District's contributions to PEERS for the years ended June 30, 2014, 2013 and 2012 were \$360,815, \$319,575, and \$314,098, respectively, equal to the required contributions.

NOTE 5 – INSURANCE PROGRAM

The District, along with various other local school districts, participates in the Missouri United School Insurance Council (MUSIC), an insurance association for workers' compensation, general liability and property and casualty insurance. The purpose of MUSIC is to distribute the cost of self-insurance over similar entities. MUSIC requires an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of MUSIC have no legal interest in the assets, liabilities or fund balances of the insurance association. However, the District retains a contingent liability to fund its pro rata share of any deficit incurred by MUSIC should it cease operations at some future date. The District's premium assessment from MUSIC for the year ended December 31, 2014 was \$320,560.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

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 Federal or State provisions that might require the District to provide reimbursement.

NOTE 7 - PRIOR PERIOD ADJUSTMENT

Beginning fund balances were restated to report certain prior year State revenues in the appropriate fund. As a result, the beginning fund balance in the Capital Projects Fund was increased by \$93,890 and beginning fund balance in the General Fund was decreased by \$93,890.

WARREN COUNTY R-III SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND - UNAUDITED Year ended June 30, 2014

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Local	\$ 9,876,916	\$ 9,876,916	\$ 10,144,291	\$ 267,375
County	622,500	622,500	686,096	63,596
State	996,463	996,463	1,128,400	131,937
Federal	1,075,000	1,075,000	1,153,983	78,983
Other	-	15,000	4,233	(10,767)
Total revenues	12,570,879	12,585,879	13,117,003	531,124
Expenditures				
Current				
Instruction	2,217,515	2,795,549	2,751,663	43,886
Attendance	46,170	46,170	41,795	4,375
Guidance	10,787	10,787	8,526	2,261
Health services	275,927	275,927	257,227	18,700
Improvement of instruction	359,260	403,479	342,043	61,436
Professional development	60,934	66,559	60,905	5,654
Media services	70,113	78,763	66,357	12,406
Board of Education services	86,958	86,958	70,603	16,355
Executive administration	731,208	732,908	720,736	12,172
Building level administration	582,199	582,199	558,590	23,609
Operation of plant	2,622,170	2,622,170	2,672,097	(49,927)
Security services	52,062	52,062	47,950	4,112
Pupil transportation	1,474,486	1,519,799	1,650,840	(131,041)
Food services	1,482,667	1,484,767	1,460,818	23,949
Business and central services	522,851	522,851	515,890	6,961
Community services	160,614	162,039	208,644	(46,605)
Total expenditures	10,755,921	11,442,987	11,434,684	8,303
Excess of revenues over expenditures	1,814,958	1,142,892	1,682,319	539,427
Other financing uses				
Transfers to other funds	(1,749,169)	(1,749,169)	(1,283,430)	465,739
NET CHANGE IN FUND BALANCE	\$ 65,789	\$ (606,277)	398,889	\$ 1,005,166
Fund balance at July 1, 2013 (as previously reported)			6,092,845	
Prior period adjustment			(93,890)	
Fund balance at July 1, 2013 (as restated)			5,998,955	
Fund balance at June 30, 2014			\$ 6,397,844	

See notes to supplementary information.

WARREN COUNTY R-III SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - UNAUDITED Year ended June 30, 2014

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Local	\$ 2,710,686	\$ 2,710,686	\$ 2,735,152	\$ 24,466
County	174,702	174,702	176,734	2,032
State	11,127,537	11,301,070	11,280,509	(20,561)
Federal	1,357,570	1,357,570	1,064,927	(292,643)
Other	10,000	10,000	26,801	16,801
Total revenues	15,380,495	15,554,028	15,284,123	(269,905)
Expenditures				
Current				
Instruction	13,723,503	13,468,259	12,881,587	586,672
Guidance	645,789	645,789	684,184	(38,395)
Health services	63,092	63,092	63,063	29
Improvement of instruction	175,402	175,402	179,158	(3,756)
Professional development	46,357	46,357	51,524	(5,167)
Media services	410,425	356,589	354,654	1,935
Executive administration	390,871	390,871	394,092	(3,221)
Building level administration	1,309,543	1,309,543	1,333,941	(24,398)
Community services	148,394	193,000	145,350	47,650
Total expenditures	16,913,376	16,648,902	16,087,553	561,349
Excess of revenues (over) under expenditures	(1,532,881)	(1,094,874)	(803,430)	291,444
Other financing sources				
Transfers from other funds	1,532,881	1,094,874	803,430	(291,444)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	\$ -
Fund balance at July 1, 2013			-	
Fund balance at June 30, 2014			\$ -	

See notes to supplementary information.

WARREN COUNTY R-III SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL - DEBT SERVICE FUND - UNAUDITED Year ended June 30, 2014

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Local	\$ 1,602,430	\$ 1,602,430	\$ 1,622,186	\$ 19,756
County	112,500	112,500	118,233	5,733
Total revenues	1,714,930	1,714,930	1,740,419	25,489
Expenditures				
Debt service				
Principal retirement	1,000,000	1,000,000	1,000,000	-
Interest and other fiscal charges	630,480	707,560	707,560	-
Total expenditures	1,630,480	1,707,560	1,707,560	-
Excess of revenues over (under) expenditures	84,450	7,370	32,859	25,489
Other financing sources (uses)				
Proceeds from refunding bonds	-	-	6,085,000	6,085,000
Debt service - principal	-	-	(6,085,000)	(6,085,000)
Total other sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ 84,450	\$ 7,370	32,859	\$ 25,489
Fund balance at July 1, 2013			1,606,957	
Fund balance at June 30, 2014			\$ 1,639,816	

See notes to supplementary information.

WARREN COUNTY R-III SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND - UNAUDITED Year ended June 30, 2014

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Local	\$ 663,372	\$ 663,372	\$ 738,206	\$ 74,834
County	15,000	15,000	24,917	9,917
State	1,125,090	1,125,090	1,048,693	(76,397)
Total revenues	1,803,462	1,803,462	1,811,816	8,354
Expenditures				
Capital outlay	299,050	1,527,253	1,314,239	213,014
Debt service				
Principal retirement	1,535,000	1,535,000	1,535,000	-
Interest and other fiscal charges	185,700	185,700	187,346	(1,646)
Total expenditures	2,019,750	3,247,953	3,036,585	211,368
Excess of revenues under expenditures	(216,288)	(1,444,491)	(1,224,769)	219,722
Other financing sources				
Transfers from other funds	-	-	480,000	480,000
NET CHANGE IN FUND BALANCE	\$ (216,288)	\$ (1,444,491)	(744,769)	\$ 699,722
Fund balance at July 1, 2013 (as previously reported)			1,840,907	
Prior period adjustment			93,890	
Fund balance at July 1, 2013			1,934,797	
Fund balance at June 30, 2014			\$ 1,190,028	

See notes to supplementary information.

WARREN COUNTY R-III SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

- In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.
- 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.
- 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.
- Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- 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.
- Budgets are adopted on the modified cash basis of accounting for all governmental funds.