

**WARREN COUNTY R-III SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS**

**June 30, 2015**

# **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, 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 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, 2015, 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 30 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 2, 2015, 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 & Braedchel LLP*

St. Louis, Missouri  
November 2, 2015



# **WARREN COUNTY R-III SCHOOL DISTRICT**

## **MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED**

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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, 2015. 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, 2015 are as follows:

- In total, net position increased \$78,908\*, which represents a 0.9 percent increase from 2014.
- General revenues accounted for \$27,856,488 in revenue or 83.1\* percent of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions accounted for \$5,659,779\* or 16.9 percent of total revenues of \$33,516,267\*.
- The District had \$33,437,359\* in expenses, which represents a \$1,170,977 increase from 2014 or a 3.63 percent increase in expenses.
- The District had a \$10,000,000 bond refunding issue on March 26, 2015 and a \$2,685,000 lease refunding certificate of participation issue on May 26, 2016.

\* Excluding the effects of bond and lease certificate of participation refunding.

- Among major funds, the General Fund had \$13,720,672 in revenues and \$12,275,592 in expenditures. The General Fund's balance increased by \$372,143 for FY2015. The District transferred \$719,937 and \$353,000 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

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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, 2015?” 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” by the District. 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 assets of the District was \$19,306,596 at June 30, 2015, compared to net assets of \$9,227,688 at June 30, 2014. Net position of the District consist of the following at June 30,:

	<u>2015</u>	<u>2014</u>
Restricted	\$ 11,941,761	\$ 2,020,814
Unrestricted	<u>7,364,835</u>	<u>7,206,874</u>
Total net position	<u><u>\$ 19,306,596</u></u>	<u><u>\$ 9,227,688</u></u>

The restricted net assets are restricted for payment of principal and interest on general obligations bonds and 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 years ended June 30,:

	2015	2014
Revenues collected		
Program revenues		
Charges for services	\$ 1,086,300	\$ 1,070,369
Operating grants and contributions	4,573,479	3,809,672
Proceeds of refunding bonds issued	12,685,000	6,085,000
General revenues		
Taxes	15,303,815	15,014,930
Grants and entitlements	12,388,203	12,015,513
Insurance refund	126,812	-
Interest and investment earnings	37,658	42,877
Total revenues collected	46,201,267	38,038,361
Expenses paid		
Instruction	16,890,797	15,653,651
Student services	1,117,066	1,054,795
Instructional staff support	1,124,633	1,054,641
Building administration	2,063,569	1,892,531
General administration and central services	2,101,645	1,721,300
Operation of plant	2,919,674	2,758,513
Security services	58,745	47,950
Pupil transportation	1,987,482	1,905,455
Food service	1,548,054	1,503,321
Community services	365,579	353,994
Facility acquisition and construction	42,049	890,325
Principal, interest and fiscal charges	5,903,066	9,514,906
Total expenses paid	36,122,359	38,351,382
Changes in net position	10,078,908	(313,021)
Net position at beginning of year	9,227,688	9,540,709
Net position at end of year	\$ 19,306,596	\$ 9,227,688

# **WARREN COUNTY R-III SCHOOL DISTRICT**

## **MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED**

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As reflected on the previous page, the expenses of the District's governmental activities for the years ended June 30, 2015 and 2014, of \$33,437,359\* and \$32,266,382\*, respectively, are not all borne by the taxpayers of the District. Of these amounts \$1,086,300 and \$1,070,369 were paid by those who benefited from the services rendered (i.e., charges for school lunches) and \$4,573,479 and \$3,809,672 were paid through federal and state operating and capital grants and contributions for the years ended June 30, 2015 and 2014, 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, 2015 with a combined fund balance for governmental funds (as presented in the Balance Sheet – modified cash basis on page 15) of \$19,306,596, as compared to a combined fund balance of \$9,227,688 as of June 30, 2014, an increase of \$10,078,908.

The fund balance of the operating funds (General and Special Revenue) increased by \$372,143 as compared to an increase of \$398,889 the previous year. The increases in FY15 and FY14 were due to conservative spending in all departments throughout the District.

The fund balance of the Debt Service Fund increased \$9,933,903 in FY15 and increased \$32,859 in FY14. The increase in FY15 was due to the proceeds from this issue of crossover refunding bonds. The proceeds are held in escrow to pay interest on the bonds until March 2016 at which time the proceeds will be used to pay the outstanding principal on the 2010 General Obligation Bonds. The increase in FY14 was due to revenue receipts in excess of scheduled debt payments.

The \$11,573,719 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 \$227,138 in FY15. In contrast, the fund balance of the Capital Projects Fund in FY14 decreased by \$744,769. The decrease in the Capital Projects Fund for FY15 is due to continued capital construction and repairs. 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**

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The major source of revenue for operations, debt service and capital improvements is local property taxes amounting to \$10,933,780. This is derived from the District's operating levy of \$3.4442, debt service levy of \$.6189 and capital projects levy of \$.0814 for a total levy of \$4.1445. Other significant local revenues are sales tax of \$2,882,888, Financial Institution Tax of \$29,370, M&M Surtax of \$222,877, In Lieu of Tax of \$251,305, earnings on investments of \$37,658, food service of \$414,921, student activities of \$536,326 and community services and miscellaneous of \$459,109.

County revenues are derived from state assessed utility property of \$857,868 and county fines of \$125,727.

Total state funding, which makes up 42.0% of total revenues collected, increased from prior year by \$624,675 to \$14,082,277. The majority of the state revenue comes from basic formula, transportation and early childhood special education.

Federal funding, which makes up 7.9% of total revenues collected, increased to \$2,652,098 from \$2,218,910 the previous year. The majority of the federal revenues for FY15 are from the Title program reimbursements of \$871,778, special education of \$560,104 and child nutrition programs of \$1,108,742.

Total governmental funds expenditures paid, excluding bond refundings, were \$33,437,359, for the year compared to \$32,266,382 the previous year. The General Fund accounts for \$12,275,592 or 36.7% of the total expenditures. The Special Revenue (Teachers') Fund accounts for \$17,106,256 or 51.2% of total expenditures and consists of certificated teacher salaries and benefits. Debt Service Fund expenditures of \$1,833,229 or 5.5% of total expenditures, are for principal and interest on general obligation bonds. Capital Projects Fund expenditures of \$2,222,282, or 6.6% 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 years ended June 30,:

	Revenues collected			
	2015	%	2014	%
Local	\$ 15,768,233	47.1%	\$ 15,239,835	47.8%
County	983,595	2.9%	1,005,980	3.1%
State	14,082,277	42.0%	13,457,602	42.1%
Federal	2,652,098	7.9%	2,218,910	6.9%
Other	30,064	0.1%	31,034	0.1%
	<u>\$ 33,516,267</u>	<u>100.0%</u>	<u>\$ 31,953,361</u>	<u>100.0%</u>
	Expenditures paid			
	2015	%	2014	%
Instruction	\$ 16,864,248	50.4%	\$ 15,633,250	48.5%
Support services	12,152,021	36.3%	11,534,993	35.7%
Capital outlay	837,445	2.5%	1,314,239	4.1%
Debt service	3,218,066	9.6%	3,429,906	10.6%
Community service and other	365,579	1.1%	353,994	1.1%
	<u>\$ 33,437,359</u>	<u>100.0%</u>	<u>\$ 32,266,382</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 12, 2014 and the final budget amendment was adopted on June 23, 2015.

Schedules comparing revenues and expenditures to the original and final budgets by fund are provided on pages 30 through 33. General Fund revenues were higher than the original budget due to the collection of local property taxes and state basic formula payments being higher than anticipated. The General Fund expenditures were lower than the original budget due to cuts made to expenditures in the budget during the year.

# WARREN COUNTY R-III SCHOOL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED

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### 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, 2015, the District had outstanding general obligation bonds of \$24,885,000 after principal reductions of \$1,200,000 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 is \$39,779,472 at June 30, 2015, based on the December 31, 2014 assessed values.

The District has lease certificates of participation with outstanding balances totaling \$3,055,000 at June 30, 2015.

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 2015-16 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 2015-16 budget:

- On assessed valuation of real estate, calendar year 2015 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 \$715,000 for 2015-16. 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**

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- The Governor has withheld several million dollars from the 2014-15 state budget. He has recently released some of those funds. However, this may potentially impact K-12 funding in the future if funds continue to be withheld. This would, in turn, influence the district's state revenue projections.
- Transportation revenue is expected to remain constant in 2015-16. 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, 2015

	Governmental activities
ASSETS	
Cash and investments	\$ 8,505,853
Restricted investments	10,982,632
TOTAL ASSETS	<u>\$ 19,488,485</u>
LIABILITIES	
Payroll withholdings	\$ 181,889
NET POSITION	
Restricted for:	
Food service	368,042
Debt service	11,573,719
Unrestricted	7,364,835
Total net position	<u>19,306,596</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 19,488,485</u>

See notes to financial statements.

# WARREN COUNTY R-III SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year ended June 30, 2015

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	\$ 16,890,797	\$ 587,277	\$ 2,716,232	\$ -	\$ (13,587,288)
Attendance	2,920	-	-	-	(2,920)
Guidance	708,905	-	-	-	(708,905)
Health services	405,241	-	110,474	-	(294,767)
Improvement of instruction	541,122	-	-	-	(541,122)
Professional development	143,026	-	143,026	-	-
Media services	440,485	-	-	-	(440,485)
Board of Education services	91,297	-	-	-	(91,297)
Executive administration	1,454,052	-	-	-	(1,454,052)
Building level administration	2,063,569	-	-	-	(2,063,569)
Operation of plant	2,919,674	9,550	3,685	-	(2,906,439)
Security services	58,745	-	-	-	(58,745)
Pupil transportation	1,987,482	-	437,573	-	(1,549,909)
Food services	1,548,054	414,921	1,120,535	-	(12,598)
Business and central services	556,296	-	-	-	(556,296)
Community services	365,579	74,552	41,954	-	(249,073)
Facilities acquisition and construction	42,049	-	-	-	(42,049)
Debt service					
Principal retirement	5,110,000	-	12,685,000	-	7,575,000
Interest and other fiscal charges	793,066	-	-	-	(793,066)
Total governmental activities	\$ 36,122,359	\$ 1,086,300	\$ 17,258,479	\$ -	(17,777,580)
General revenues					
Taxes					
Property taxes					11,437,332
Sales taxes					2,882,888
State aid not restricted to specific programs					12,388,203
Fines and forfeitures					125,727
State assessed utilities					857,868
Insurance refund					126,812
Investment income					37,658
Total general revenues					27,856,488
Increase in net position					10,078,908
Net position at July 1, 2014					9,227,688
Net position at June 30, 2015					\$ 19,306,596

See notes to financial statements.

# WARREN COUNTY R-III SCHOOL DISTRICT

## BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 6,950,792	\$ -	\$ 592,171	\$ 962,890	\$ 8,505,853
Restricted investments	-	-	10,982,632	-	10,982,632
Due from Debt Service Fund	1,084	-	-	-	1,084
Total assets	\$ 6,951,876	\$ -	\$ 11,574,803	\$ 962,890	\$ 19,489,569
<b>LIABILITIES</b>					
Payroll withholdings	\$ 181,889	\$ -	\$ -	\$ -	\$ 181,889
Due to General Fund	-	-	1,084	-	1,084
Total liabilities	181,889	-	1,084	-	182,973
<b>FUND BALANCES</b>					
Restricted					
Food service	368,042	-	-	-	368,042
Debt service	-	-	11,573,719	-	11,573,719
Assigned					
Student activities	245,786	-	-	-	245,786
Capital projects	-	-	-	962,890	962,890
Unassigned	6,156,159	-	-	-	6,156,159
Total fund balances	6,769,987	-	11,573,719	962,890	19,306,596
Total liabilities and fund balances	\$ 6,951,876	\$ -	\$ 11,574,803	\$ 962,890	\$ 19,489,569

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, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues					
Local	\$ 10,517,577	\$ 2,886,064	\$ 1,645,504	\$ 719,088	\$ 15,768,233
County	716,854	125,727	121,628	19,386	983,595
State	1,266,025	11,916,267	-	899,985	14,082,277
Federal	1,220,216	1,431,882	-	-	2,652,098
Other	-	26,379	-	3,685	30,064
Total revenues	13,720,672	16,386,319	1,767,132	1,642,144	33,516,267
Expenditures					
Current					
Instruction	3,147,683	13,716,565	-	-	16,864,248
Attendance	2,920	-	-	-	2,920
Guidance	5,354	703,551	-	-	708,905
Health services	303,274	101,967	-	-	405,241
Improvement of instruction	403,979	137,143	-	-	541,122
Professional development	68,376	74,650	-	-	143,026
Media services	69,464	370,764	-	-	440,228
Board of Education services	91,297	-	-	-	91,297
Executive administration	818,627	359,862	-	-	1,178,489
Building level administration	599,549	1,464,020	-	-	2,063,569
Operation of plant	2,741,905	-	-	-	2,741,905
Security services	58,745	-	-	-	58,745
Pupil transportation	1,744,393	-	-	-	1,744,393
Food services	1,475,885	-	-	-	1,475,885
Business and central services	555,110	1,186	-	-	556,296
Community services	189,031	176,548	-	-	365,579
Capital outlay	-	-	-	837,445	837,445
Debt service					
Principal retirement	-	-	1,200,000	1,225,000	2,425,000
Interest and other fiscal charges	-	-	633,229	159,837	793,066
Total expenditures	12,275,592	17,106,256	1,833,229	2,222,282	33,437,359
Excess of revenues over (under) expenditures	1,445,080	(719,937)	(66,097)	(580,138)	78,908
Other financing sources (uses)					
Transfers in (out)	(1,072,937)	719,937	-	353,000	-
Proceeds from refunding bonds	-	-	10,000,000	2,685,000	12,685,000
Debt service - principal	-	-	-	(2,685,000)	(2,685,000)
Total other financing sources (uses)	(1,072,937)	719,937	10,000,000	353,000	10,000,000
NET CHANGE IN FUND BALANCE	372,143	-	9,933,903	(227,138)	10,078,908
Fund balance at July 1, 2014	6,397,844	-	1,639,816	1,190,028	9,227,688
Fund balance at June 30, 2015	\$ 6,769,987	\$ -	\$ 11,573,719	\$ 962,890	\$ 19,306,596

See notes to financial statements.

# **WARREN COUNTY R-III SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **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**

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### **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.

### **Measurement Focus and Basis of Accounting**

#### **Measurement Focus**

The government-wide financial statements are prepared using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives under this measurement focus are the determination of changes in net position, financial position and cash flows. All assets and liabilities, whether current or noncurrent, are reported.



# WARREN COUNTY R-III SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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The governmental fund financial statements are prepared using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included in the balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

### **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.

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 2015 and 2014 for purposes of local taxation was \$265,196,477 and \$258,684,538.

# WARREN COUNTY R-III SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2014 and 2013 for purposes of local taxation was:

	December 31,	
	2014	2013
General Fund	\$ 3.4442	\$ 3.4312
Debt Service Fund	0.6189	0.6189
Capital Projects Fund	0.0814	0.0814
Total	<u>\$ 4.1445</u>	<u>\$ 4.1315</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2015, aggregated approximately 102% of the current assessment computed on the basis of the levy as shown above.

### 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.

# WARREN COUNTY R-III SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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### **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 and other agreements for the repayment of debt.

### **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.

### **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.

# WARREN COUNTY R-III SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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### Interfund Activity

Interfund transfers are reported as other financing sources (uses) in the governmental funds. The District transferred \$719,937 from the General Fund to the Special Revenue Fund to maintain a zero fund balance in the Special Revenue Fund. The District also transferred \$353,000 from the General Fund to the Capital Projects Fund to cover capital outlay expenditures.

### 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, 2015, the District had \$815,519 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 \$5,193,077 invested through MoSIP at June 30, 2015.

The cash and investments are reported at cost, and are as follows at June 30, 2015:

Type	Maturities	Cost
Deposits		
Demand deposits	N/A	\$ 3,312,776
Investments		
Escrow deposits		
State and local government bonds	< 1 year	10,167,113
External investment pool		
MOHEFA	< 1 year	815,519
MoSIP	< 1 year	<u>5,193,077</u>
Total deposits and investments		<u><u>\$ 19,488,485</u></u>

# WARREN COUNTY R-III SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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### **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, 2015, 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.

### **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, 2015 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.

# WARREN COUNTY R-III SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

The District's investments were rated as follows at June 30, 2015:

Description	Amount	Rating
External investment pool		
Missouri Security Investment Program	\$ 5,193,077	AAAm
Missouri Direct Deposit Program	815,519	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). The District places no limitation on the amount it may invest in any one issuer. At June 30, 2015, the District had no investments other than external investment pools and deposits escrowed under a bond refunding.

### NOTE 3 – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2015:

	Balance at July 1, 2014	Additions	Reductions	Balance at June 30, 2015	Amounts due within one year
Bonds payable	\$ 16,085,000	\$ 10,000,000	\$ (1,200,000)	\$ 24,885,000	\$ 11,200,000
Lease certificates of participation	5,355,000	2,685,000	(4,985,000)	3,055,000	695,000
Total	<u>\$ 21,440,000</u>	<u>\$ 12,685,000</u>	<u>\$ (6,185,000)</u>	<u>\$ 27,940,000</u>	<u>\$ 11,895,000</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.

# WARREN COUNTY R-III SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### Bonds Payable

Bonds payable consist of the following at June 30, 2015:

Date issued	Maturity date	Rate of interest	Original issue amount	Balance at June 30, 2015
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	4,885,000
3/26/2015	3/1/2026	1.60% - 2.35%	10,000,000	10,000,000
				<u>\$ 24,885,000</u>

### Bond Defeasance

On March 26, 2015 the District issued \$10,000,000 in general obligation refunding bonds, Series 2015A, with an interest rate of 1.6% to 2.35%. The District issued the bonds to advance crossover refund \$10,000,000 of the District's General Obligation Bonds, Series 2006 maturing March 2021 through March 2026. The proceeds of the bonds were used to purchase state and local government securities. The securities were placed in an irrevocable trust to pay the interest on the Series 2015A bonds through March 2016 and then at that time pay the outstanding principal on the Series 2006 refunded bonds. The cost of the securities in escrow was \$10,167,113 at June 30, 2015. The advance crossover refunding reduced total debt service payments by \$2,028,050 resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,817,869.

The annual requirements to amortize bonded debt outstanding are as follows at June 30, 2015:

Year ending June 30,	Principal	Interest	Total
2016	\$ 11,200,000	\$ 998,630	\$ 12,198,630
2017	900,000	243,430	1,143,430
2018	900,000	236,680	1,136,680
2019	935,000	227,680	1,162,680
2020	950,000	215,525	1,165,525
2021-2025	8,300,000	715,050	9,015,050
2026	1,700,000	39,950	1,739,950
	<u>\$ 24,885,000</u>	<u>\$ 2,676,945</u>	<u>\$ 27,561,945</u>



# WARREN COUNTY R-III SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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### Lease Certificates of Participation

Lease certificates of participation consist of the following at June 30, 2015:

Date issued	Maturity date	Rate of interest	Original issue amount	Balance at June 30, 2015
6/20/2012	4/15/2020	0.08% - 2.25%	\$ 580,000	\$ 370,000
5/26/2015	4/15/2019	0.75% - 1.40%	2,685,000	<u>2,685,000</u>
				<u>\$ 3,055,000</u>

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 were 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.

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.

# WARREN COUNTY R-III SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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During the fiscal year 2015, the Association issued \$2,685,000 of Missouri Association of Rural Education Lease Refunding Certificates of Participation (Series 2015B) which represent proportionate ownership interest in the right to receive rental payments from the District under a Project Lease Agreement dated May 26, 2015 between the Association and the District. The Series 2015B Certificates are being executed and delivered pursuant to trust agreement dated May 26, 2015 between the Association and UMB Bank N.A. The proceeds from the sale of the certificates, along with \$1,075,000 from the Association was used to current refund all of the outstanding Series 2010 Certificates of Participation. The refunding was undertaken to reduce total debt service payments by \$198,312 which resulted in an economic gain of \$198,716 (the difference between the present value of the debt service payments on the old and new debt).

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

Year ending June 30,	Principal	Interest	Total
2016	\$ 695,000	\$ 33,589	\$ 728,589
2017	735,000	31,460	766,460
2018	775,000	22,888	797,888
2019	775,000	13,175	788,175
2020	75,000	1,688	76,688
	<u>\$ 3,055,000</u>	<u>\$ 102,800</u>	<u>\$ 3,157,800</u>

### 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, 2015, was:

Constitutional debt limit	\$ 39,779,472
General obligation bonds payable	(24,885,000)
Amount available in Debt Service Fund	<u>11,574,803</u>
Legal debt margin	<u>\$ 26,469,275</u>

# WARREN COUNTY R-III SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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### 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, 2015, 2014 and 2013 were \$2,098,862, \$1,966,446, and \$1,782,300, 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.

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, 2015, 2014 and 2013 were \$357,084, \$360,815, and \$319,575, respectively, equal to the required contributions.

# **WARREN COUNTY R-III SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **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 District, along with various other local school districts, also participates in the CSD Insurance Trust, an insurance association for employee medical, dental, life, vision, long term care, and short and long term disability insurance. The purpose of these associations is to distribute the cost of self-insurance over similar entities. These associations require an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of these associations 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 these associations should it cease operations at some future date.

### **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.

# 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, 2015

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Local	\$ 10,016,047	\$ 10,299,094	\$ 10,517,577	\$ 218,483
County	675,000	675,000	716,854	41,854
State	1,095,937	1,258,881	1,266,025	7,144
Federal	1,073,000	1,105,000	1,220,216	115,216
Total revenues	12,859,984	13,337,975	13,720,672	382,697
Expenditures				
Current				
Instruction	2,675,226	3,200,932	3,147,683	53,249
Attendance	53,062	21,166	2,920	18,246
Guidance	10,887	10,887	5,354	5,533
Health services	292,703	306,553	303,274	3,279
Improvement of instruction	371,280	411,550	403,979	7,571
Professional development	88,000	79,350	68,376	10,974
Media services	70,616	70,466	69,464	1,002
Board of Education services	86,958	91,606	91,297	309
Executive administration	749,276	829,418	818,627	10,791
Building level administration	611,716	611,747	599,549	12,198
Operation of plant	2,835,813	2,765,277	2,741,905	23,372
Security services	-	59,062	58,745	317
Pupil transportation	1,614,138	1,748,166	1,744,393	3,773
Food services	1,521,728	1,476,312	1,475,885	427
Business and central services	544,915	574,680	555,110	19,570
Community services	167,898	195,445	189,031	6,414
Total expenditures	11,694,216	12,452,617	12,275,592	177,025
Excess of revenues over expenditures	1,165,768	885,358	1,445,080	559,722
Other financing uses				
Transfers to other funds	(995,891)	(995,891)	(1,072,937)	(77,046)
NET CHANGE IN FUND BALANCE	\$ 169,877	\$ (110,533)	372,143	\$ 482,676
Fund balance at July 1, 2014			6,397,844	
Fund balance at June 30, 2015			\$ 6,769,987	

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, 2015

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Local	\$ 2,814,508	\$ 2,814,508	\$ 2,886,064	\$ 71,556
County	174,702	174,702	125,727	(48,975)
State	12,318,069	11,907,204	11,916,267	9,063
Federal	1,378,534	1,421,745	1,431,882	10,137
Other	15,000	15,000	26,379	11,379
Total revenues	16,700,813	16,333,159	16,386,319	53,160
Expenditures				
Current				
Instruction	14,242,275	13,883,831	13,716,565	167,266
Guidance	715,369	704,814	703,551	1,263
Health services	102,250	102,223	101,967	256
Improvement of instruction	175,103	140,740	137,143	3,597
Professional development	46,357	72,405	74,650	(2,245)
Media services	364,392	368,796	370,764	(1,968)
Executive administration	403,855	360,327	359,862	465
Building level administration	1,453,603	1,463,625	1,464,020	(395)
Business and central services	-	1,187	1,186	1
Community services	193,500	176,643	176,548	95
Total expenditures	17,696,704	17,274,591	17,106,256	168,335
Excess of revenues (over) under expenditures	(995,891)	(941,432)	(719,937)	221,495
Other financing sources				
Transfers from other funds	995,891	1,378,545	719,937	(658,608)
NET CHANGE IN FUND BALANCE	\$ -	\$ 437,113	-	\$ (437,113)
Fund balance at July 1, 2014			-	
Fund balance at June 30, 2015			\$ -	

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, 2015

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Local	\$ 1,613,297	\$ 1,613,297	\$ 1,645,504	\$ 32,207
County	115,000	115,000	121,628	6,628
Total revenues	1,728,297	1,728,297	1,767,132	38,835
Expenditures				
Debt service				
Principal retirement	1,200,000	1,200,000	1,200,000	-
Interest and other fiscal charges	523,693	800,343	633,229	167,114
Total expenditures	1,723,693	2,000,343	1,833,229	167,114
Excess of revenues over (under) expenditures	4,604	(272,046)	(66,097)	205,949
Other financing sources (uses)				
Proceeds from refunding bonds	-	10,000,000	10,000,000	-
Debt service - principal	-	(10,000,000)	-	10,000,000
Total other sources (uses)	-	-	10,000,000	10,000,000
NET CHANGE IN FUND BALANCE	\$ 4,604	\$ (272,046)	9,933,903	\$ 10,205,949
Fund balance at July 1, 2014			1,639,816	
Fund balance at June 30, 2015			\$ 11,573,719	

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, 2015

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Local	\$ 687,871	\$ 692,871	\$ 719,088	\$ 26,217
County	20,000	20,000	19,386	(614)
State	865,916	865,916	899,985	34,069
Other	-	-	3,685	3,685
Total revenues	1,573,787	1,578,787	1,642,144	63,357
Expenditures				
Capital outlay	747,351	851,731	837,445	14,286
Debt service				
Principal retirement	1,369,812	1,225,000	1,225,000	-
Interest and other fiscal charges	-	159,837	159,837	-
Total expenditures	2,117,163	2,236,568	2,222,282	14,286
Excess of revenues under expenditures	(543,376)	(657,781)	(580,138)	77,643
Other financing sources (uses)				
Transfers from other funds	-	-	353,000	353,000
Proceeds from refunding bonds	-	-	2,685,000	2,685,000
Debt service - principle	-	-	(2,685,000)	(2,685,000)
Total other financing sources (uses)	-	-	353,000	353,000
NET CHANGE IN FUND BALANCE	\$ (543,376)	\$ (657,781)	(227,138)	\$ 430,643
Fund balance at July 1, 2014			1,190,028	
Fund balance at June 30, 2015			\$ 962,890	

See notes to supplementary information.

# **WARREN COUNTY R-III SCHOOL DISTRICT**

## **NOTES TO SUPPLEMENTARY INFORMATION**

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### **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.