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**SCHOOL DISTRICT OF JENNINGS**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITORS' REPORTS**  
**AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2014**

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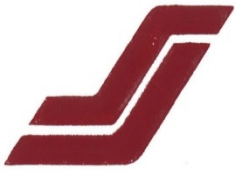
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## **INDEPENDENT AUDITORS' REPORT**

To the Members of the Board of Education  
School District of Jennings

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the School District of Jennings (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 described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of 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.

#### MEMBERS

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

### **Basis for Qualified Opinions on Governmental Activities, General Fund and Special Revenue Fund**

Management has included an accrued payroll liability for payments that will be made to certain employees in July and August of the next fiscal year, as described in Note 1 to the financial statements. In our opinion, these transactions are not initially derived from cash receipts or cash disbursements of the current year; and therefore, do not meet the criteria to be recorded under the modified cash basis of accounting. If the financial statements were corrected to exclude these departures from the modified cash basis of accounting, the effects would (1) reduce liabilities, reduce expenditures and increase fund balance in the General Fund by \$178,985, (2) reduce liabilities, reduce expenditures and increase fund balance in the Special Revenue Fund by \$1,987,732, and (3) reduce liabilities, reduce expenses and increase net position of the governmental activities by \$2,166,717.

### **Qualified Opinions**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities, General Fund and Special Revenue Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, General Fund, and Special Revenue Fund of the District as of June 30, 2014, and the respective changes in financial position - modified cash basis for the year then ended in conformity with the basis of accounting described in Note 1.

### **Unmodified 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 Debt Service Fund and Capital Projects Fund of the District as of June 30, 2014, and the respective changes in financial position - modified cash basis for the year then ended in conformity 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 opinion is 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 the District’s basic financial statements. The management’s discussion and analysis, budgetary comparison schedules and related notes and schedule of selected statistics are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The management's discussion and analysis, budgetary comparison schedules and related notes and schedule of selected statistics, except for the budgetary procedures and pupil attendance records, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required Under *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014 on our consideration of the 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 District's internal control over financial reporting and compliance.

  
SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri  
December 10, 2014

## **SCHOOL DISTRICT OF JENNINGS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2014 - UNAUDITED**

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The discussion and analysis of the School District of Jennings' financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to examine the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

#### **Financial Highlights**

Key financial highlights for 2014 are as follows:

- In total, net position decreased \$2,585,403, which represents a 20.0 percent decrease from 2013. This is due primarily to spending down of bond issue funds received in prior years.
- General revenues accounted for \$24,148,027 in revenue or 83.9 percent of all revenues. Program specific revenues in the form of charges for services; operating grants and contributions; and capital grants, contributions and bond proceeds accounted for \$4,641,972 or 16.1 percent of total revenues of \$28,789,999.
- Total assets of governmental activities decreased by \$2,729,769 as restricted cash and investments decreased, while the total liabilities decreased by \$144,366.
- The School District had \$31,375,402 in expenditures, which represents a \$651,243 decrease from 2013, or a 2.0 percent decrease in expenditures.
- Among major funds, the General Fund had \$12,867,456 in revenues and \$11,784,402 in expenditures. The General Fund's fund balance increased by \$727,972 from 2013. The School District transferred \$350,217 from the General Fund to the Special Revenue (Teachers) Fund. The Special Revenue Fund continues to maintain a zero fund balance through fund transfers from the General Fund.

#### **Using This Annual Report**

The School District's annual report consists of a series of financial statements that show information for the School District as a whole and its significant funds, as well as notes to those statements. The Statement of Net Position and the Statement of Activities (pages 17 and 18) provide information about the activities of the School District of Jennings as a whole and present a longer-term view of the School District's finances. The fund financial statements begin on page 19. These statements present how the School District financed our services in the short-term, as well as the amounts that remain for future spending. Also, fund statements may give some insight into the School District's overall financial health; they present the School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

## **SCHOOL DISTRICT OF JENNINGS**

### *Management's Discussion and Analysis (continued)*

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#### **Reporting the School District as a Whole**

##### ***The Statement of Net Position and the Statement of Activities:***

The analysis of the School District as a whole begins on page 17. This analysis provides answers as to whether the School District is financially stronger or weaker as a result of the year's activities. The Statement of Net Position and the Statement of Activities report information on the School District as a whole and its activities, which help to provide this answer. These statements include all assets and liabilities using the modified cash basis of accounting. As such, all revenues are recognized when received, and expenditures and purchases of investments are recognized when cash is disbursed.

In addition, these two statements report the School District's net position and changes in the net position. The change in net position is the difference between assets and liabilities and represents one way to measure the School District's financial position and whether it is improving or declining. The relationship between revenue and expense indicates the School District's operating results. However, the School District's mission is to provide services to our students, parents, and community, not to generate profits as commercial entities strive to do each year. Non-financial factors, such as the quality of education provided and the services offered to the community, must also be considered to assess the overall health of the School District.

The Statement of Net Position and Statement of Activities report governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported, including but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does not have any business-type activities.

#### **Reporting the School District's Most Significant Funds**

##### ***Fund Financial Statements:***

The School District's fund financial statements, which begin on page 19, provide detailed information about the District's most significant funds, not the School District as a whole. The School District utilizes several funds to account for a multitude of financial transactions. The School District's major governmental funds are the General (Incidental) Fund, Special Revenue (Teachers) Fund, Debt Service Fund and the Capital Projects Fund.

##### ***Governmental Funds:***

All of the School District's services are reported in governmental funds, which focus on money flows into and out of the funds and balances remaining at year-end available for spending in future years. These statements include all significant assets and liabilities using the modified cash basis of accounting. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources available in the near future to finance the School District's programs.



## SCHOOL DISTRICT OF JENNINGS

### *Management's Discussion and Analysis (continued)*

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#### **The School District as a Whole**

The School District's net position was \$10,318,120 at June 30, 2014. Of this amount \$7,199,828 was unrestricted. Restricted net position is reported separately to reflect legal constraints from debt covenants and enabling legislation that limit the School District's ability to use the net position for day-to-day operations. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the School District's governmental activities.

**TABLE 1  
NET POSITION**

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash and Investments	\$ 12,074,182	\$ 10,595,526
Restricted Cash and Investments	410,655	4,619,080
<b>Total Assets</b>	<u>12,484,837</u>	<u>15,214,606</u>
<b>Liabilities</b>		
Accrued Payroll	2,166,717	2,311,083
<b>Total Liabilities</b>	<u>2,166,717</u>	<u>2,311,083</u>
<b>Net Position</b>		
Restricted for		
Bond Proceeds	1,856,195	5,087,830
Debt Service	647,659	737,663
Food Services	614,438	842,570
Unrestricted	7,199,828	6,235,460
<b>Total Net Position</b>	<u>\$ 10,318,120</u>	<u>\$ 12,903,523</u>

Total net position decreased by \$2,585,403, as total assets decreased by \$2,729,769 and total liabilities decreased by \$144,366. The \$7,199,828 in unrestricted net position represents the accumulated results of all past years' operations. This means that if the School District had to pay off all its liabilities today, there would still be a balance of \$7,199,828 left for unrestricted purposes.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities on page 18. Table 2 takes the information from that Statement and rearranges it slightly so you can see our total revenue and the change in net position for the current and previous year.

**SCHOOL DISTRICT OF JENNINGS**

*Management's Discussion and Analysis (continued)*

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**TABLE 2  
CHANGES IN NET POSITION**

	<b>2014</b>	<b>2013</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services and sales	\$ 651,679	\$ 328,135
Operating grants and contributions	3,990,293	6,918,370
General revenues:		
Property taxes	5,861,121	5,995,458
Sales taxes	2,379,187	2,424,544
State aid	15,125,851	15,524,315
Investment income	24,212	26,283
Other	757,656	826,475
<b>Total Revenues</b>	<b>28,789,999</b>	<b>32,043,580</b>
<b>Function/Program Expenses:</b>		
Instruction	13,311,799	13,804,532
Support services:		
Student services	1,108,772	1,685,356
Instructional support	2,484,433	2,464,303
General administration	760,641	749,289
School administration	2,030,132	2,544,856
Operation of plant	3,741,958	3,559,137
Pupil transportation	292,419	352,815
Food services	1,546,991	1,512,918
Business and central services	456,945	469,750
Community services	1,115,958	1,003,882
Facilities	3,233,000	2,601,831
Debt service	1,292,354	1,277,976
<b>Total Function/Program Expenses</b>	<b>31,375,402</b>	<b>32,026,645</b>
Change in net assets	(2,585,403)	16,935
Net position, beginning of year	12,903,523	12,886,588
<b>Net position, end of year</b>	<b>\$ 10,318,120</b>	<b>\$ 12,903,523</b>

**Governmental Activities**

The cost of all governmental activities totaled \$31,375,402 in fiscal year 2014. The School District's taxpayers funded \$5,861,121 or 18.7 percent of these costs. In addition to taxpayer funding, charges for services funded \$651,679 or 2.1 percent of the governmental activities' costs, and operating grants funded \$3,990,293 or 12.7 percent. State aid funded \$15,125,851 or 48.2 percent of costs.

Instruction comprises 42.4 percent of District expenses. Support services expenses make up 39.6 percent of the expenses.

## SCHOOL DISTRICT OF JENNINGS

*Management's Discussion and Analysis (continued)*

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**TABLE 3  
COST OF PROGRAM SERVICES**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction	\$ 13,311,799	\$ (11,987,292)
Support services:		
Student services	1,108,772	(1,013,133)
Instructional support	2,484,433	(2,226,044)
General administration	760,641	(760,641)
School administration	2,030,132	(1,915,316)
Operation of plant	3,741,958	(3,684,824)
Pupil transportation	292,419	(241,727)
Food services	1,546,991	(58,886)
Business and central services	456,945	(456,945)
Community services	1,115,958	136,732
Facilities	3,233,000	(3,233,000)
Debt service	1,292,354	(1,292,354)
<b>Total</b>	<b>\$ 31,375,402</b>	<b>\$ (26,733,430)</b>

Instruction expenses include the activities dealing directly with the teaching of pupils, or the interaction between teachers and pupils.

Student services include the activities that are designed to assess and improve the well-being of pupils and to supplement the teaching process.

Instructional support includes the activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils.

General administration includes the expenses concerned with establishing and administering policy for operating the local education agency.

School administration includes the expenses concerned with overall administrative responsibility for a single school or a group of schools.

Operation of plant services are concerned with keeping the physical plant open, comfortable, and safe for use; and keeping the grounds, buildings, and equipment in an effective working condition and state of repair.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities.

Food services include the preparation, delivery, and servicing of breakfast, lunches, and snacks to students and school staff in connection with school activities.

## SCHOOL DISTRICT OF JENNINGS

### *Management's Discussion and Analysis (continued)*

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Business and central services include the activities concerned with purchasing, paying, transporting, exchanging, and maintaining goods and services and activities other than general administration, which support each of the other instructional and supporting services programs.

Community services consist of those activities that do not directly relate to providing education for pupils in a school. These include services provided by the School District for the community as a whole or some segment of the community and community welfare activities.

Facilities consist of capital expenditures for the District's buildings.

Debt service involves the transactions associated with the payment of principal, interest and other related charges on debt of the School District.

### **The School District's Funds**

As noted earlier, the School District uses funds to help it control and manage money for a particular purpose. Looking at funds helps you consider whether the School District is being accountable for the resources taxpayers and others provide, but it may also give insight into the School District's overall financial health.

Major funds are accounted for using the modified cash basis of accounting. All School District funds are considered major funds. In total, governmental funds had a fund balance of \$10,318,120 at June 30, 2014, which represents a decrease of \$2,585,403 from the prior year.

**TABLE 4  
FUND ACTIVITY SUMMARY**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>
Beginning Fund Balance, July 1, 2013	\$ 6,668,815	\$ -	\$ 737,663	\$ 5,497,045
Revenues	12,867,456	14,643,768	939,871	338,904
Expenditures	(11,784,402)	(14,993,985)	(1,029,875)	(3,567,140)
Transfers (To)/From	(355,082)	350,217	-	4,865
Change in Fund Balance	727,972	-	(90,004)	(3,223,371)
Ending Fund Balance, June 30, 2014	\$ 7,396,787	\$ -	\$ 647,659	\$ 2,273,674

## SCHOOL DISTRICT OF JENNINGS

### *Management's Discussion and Analysis (continued)*

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#### **Operating Funds Budget Highlights**

The School District's budget is prepared according to Missouri law. The budget is based upon accounting for certain transactions on a modified cash basis. The most significant budgeted funds are the General Fund and Special Revenue Fund, collectively referred to as the Operating Funds.

During the course of the 2014 fiscal year, the School District amended its Operating Funds budget as needed, which resulted in additional appropriations of \$398,576 or a 1.5 percent increase.

The Operating Funds' final expenditure budget was \$27,431,185, while actual expenditures were \$26,778,387. The difference, \$652,798 or 2.4 percent, was due to the accumulation of overall under expending funds appropriated in various programs.

The final budgeted revenues for the Operating Funds were \$393,454, or 1.5 percent above the original budgeted revenues.

#### **Debt Administration**

At June 30, 2014, the School District had \$12,505,000 in general obligation bonds outstanding. These bonds are legal obligations of the School District and payable from property taxes received and expended from the Debt Service Fund.

#### **OUTSTANDING GENERAL OBLIGATION DEBT June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
General Obligation Bonds:		
Series 2005	\$ -	\$ 159,874
Series 2006	1,005,000	1,305,000
Series 2011	5,600,000	5,600,000
Series 2012	5,900,000	5,900,000
	<u>\$ 12,505,000</u>	<u>\$ 12,964,874</u>

During fiscal year 2007, the District entered into a lease purchase agreement with a company for various energy savings equipment and related installation. The lease is for a total amount of \$2,705,586 and calls for semi-annual payments of approximately \$119,340 at an interest rate of 4.19%. The final payment under this lease is due in November 2022.

During fiscal year 2010, the District entered into a lease purchase agreement with a company for various copier equipment. The lease is for a total of \$105,117 and calls for monthly payments of approximately \$1,983 at an interest rate of approximately 4.8%. The final payment under this lease is due in September 2014.

**SCHOOL DISTRICT OF JENNINGS**

*Management's Discussion and Analysis (continued)*

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The present value of future minimum lease payments were \$1,695,757 at June 30, 2014 and \$1,881,330 at June 30, 2013.

**Enrollment**

Listed below are the District's historic enrollment figures as of September for the last five school years:

<b><u>Year</u></b>	<b><u>Total Enrollment</u></b>
2009-10	3,009
2010-11	2,906
2011-12	2,740
2012-13	2,508
2013-14	2,537

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Source: District and DESE.

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## SCHOOL DISTRICT OF JENNINGS

### *Management's Discussion and Analysis (continued)*

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#### **SUMMARY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES Fiscal Years Ended June 30<sup>(1)</sup>**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b><u>General Fund</u></b>					
Beginning Balance	\$ 6,668,815	\$ 6,576,875	\$ 6,270,461	\$ 7,115,806	\$ 8,702,945
Revenues	12,867,456	13,175,767	13,703,211	13,803,596	14,212,601
Expenditures	(11,784,402)	(11,668,014)	(12,246,646)	(12,989,486)	(14,387,024)
Other Sources (Uses)	(355,082)	(1,415,813)	(1,150,151)	(1,659,455)	(1,412,716)
Ending Balance	<u>\$ 7,396,787</u>	<u>\$ 6,668,815</u>	<u>\$ 6,576,875</u>	<u>\$ 6,270,461</u>	<u>\$ 7,115,806</u>
<b><u>Special Revenue (Teachers') Fund</u></b>					
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues	14,643,768	15,063,011	16,690,026	17,433,530	19,278,926
Expenditures	(14,993,985)	(16,478,824)	(17,840,177)	(19,078,360)	(20,668,668)
Other Sources (Uses)	350,217	1,415,813	1,150,151	1,644,830	1,389,742
Ending Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Capital Projects Fund</u></b>					
Beginning Balance	\$ 5,497,045	\$ 5,527,028	\$ 6,399,908	\$ 1,476,681	\$ 1,390,696
Revenues	338,904	2,849,366	319,973	346,974	713,068
Expenditures	(3,567,140)	(2,879,349)	(7,194,925)	(1,125,922)	(650,057)
Other Sources (Uses)	4,865	-	6,002,072	5,702,175	22,974
Ending Balance	<u>\$ 2,273,674</u>	<u>\$ 5,497,045</u>	<u>\$ 5,527,028</u>	<u>\$ 6,399,908</u>	<u>\$ 1,476,681</u>
<b><u>Debt Service Fund</u></b>					
Beginning Balance	\$ 737,663	\$ 782,685	\$ 619,246	\$ 752,634	\$ 939,295
Revenues	939,871	955,436	977,579	542,977	488,704
Expenditures	(1,029,875)	(1,000,458)	(814,140)	(676,365)	(675,365)
Other Sources (Uses)	-	-	-	-	-
Ending Balance	<u>\$ 647,659</u>	<u>\$ 737,663</u>	<u>\$ 782,685</u>	<u>\$ 619,246</u>	<u>\$ 752,634</u>
<b><u>Total Funds</u></b>					
Beginning Balance	\$ 12,903,523	\$ 12,886,588	\$ 13,289,615	\$ 9,345,121	\$ 11,032,936
Revenues	28,789,999	32,043,580	31,690,789	32,127,077	34,693,299
Expenditures	(31,375,402)	(32,026,645)	(38,095,888)	(33,870,133)	(36,381,114)
Other Sources (Uses)	-	-	6,002,072	5,687,550	-
Ending Balance	<u>\$ 10,318,120</u>	<u>\$ 12,903,523</u>	<u>\$ 12,886,588</u>	<u>\$ 13,289,615</u>	<u>\$ 9,345,121</u>

<sup>(1)</sup> Differences in this chart between beginning and ending balances due to rounding.

Source: District's Audited Financial Statements.

## SCHOOL DISTRICT OF JENNINGS

### *Management's Discussion and Analysis (continued)*

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#### **Historic Assessed Valuation**

The assessed valuation of all taxable property situated in the District as of January 1 for the following years is shown below:

<b>Calendar Year</b>	<b>Assessed Valuation<sup>(1)</sup></b>	<b>Percentage Change</b>
2014	97,716,890	-2.0%
2013	99,744,650	+2.5%
2012	97,020,450	-7.80
2011	105,233,810	-6.70%
2010	112,838,800	-9.10%

<sup>(1)</sup> Includes the incremental increase in assessed valuation over the established assessed valuation base within tax increment financing districts within the District.

Source: St. Louis County Department of Revenue Collections Division.

#### **Assessed Valuation Components**

The following table shows the total assessed valuation and estimated actual value, by category, of all taxable tangible property (excluding State assessed railroad and utility property) situated in the District as of January 1, 2013:

	<b>Assessed Valuation<sup>(1)</sup></b>	<b>Assessment Rate</b>	<b>Actual Actual Total Valuation</b>
Real Estate <sup>(2)</sup> :			
Residential	\$ 60,735,060	19%	\$ 319,658,211
Commercial	14,972,550	32%	46,789,219
Agriculture	-	12%	-
Total Real Estate	<u>75,707,610</u>		<u>366,447,430</u>
Personal Property <sup>(2)</sup>	<u>22,009,280</u>	33.33%	<u>66,027,840</u>
TOTAL	<u>\$ 97,716,890</u>		<u>\$ 432,475,270</u>

<sup>(1)</sup> Includes the incremental increase in assessed valuation over the established assessed valuation base within tax increment financing districts within the District.

<sup>(2)</sup> Locally Assessed Railroad and Utility Property are included in the real estate and personal property totals.

Source: St. Louis County Department of Revenue Collections Division.



## SCHOOL DISTRICT OF JENNINGS

### *Management's Discussion and Analysis (continued)*

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#### **Tax Rates**

The following table shows the District's tax levies (per \$100 of assessed valuation) for each of the following fiscal years:

<b>Fiscal Year Ending June 30</b>	<b>Special Revenue Fund</b>	<b>Incidental Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Tax Adjusted Levy Total</b>
2014	\$ 1.9952	\$ 3.5548	\$ -	\$ 0.9900	\$ 6.5400
2013	1.9952	3.4859	-	0.9900	6.4711
2012	1.9952	3.5023	-	0.9900	6.4875
2011	1.9227	3.1070	-	0.5100	5.5397
2010	1.9227	2.8803	-	0.4190	5.2220

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Source: District

#### **Tax Collection Rates**

The following table sets forth tax collection<sup>(1)</sup> information for the District for the following fiscal years:

<b>Fiscal Year Ending June 30</b>	<b>Total Taxes Levied<sup>(2)</sup></b>	<b>Current</b>		<b>Current and Delinquent</b>	
		<b>Taxes Collected<sup>(2)</sup></b>		<b>Taxes Collected<sup>(2), (3)</sup></b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
2014	\$ 6,390,684	\$ 5,241,175	82.00 %	\$ 5,861,123	91.70 %
2013	6,454,576	5,463,924	84.65	5,995,458	92.89
2012	6,278,290	5,310,112	84.58	5,890,567	93.82
2011	5,825,488	5,090,087	87.38	5,639,777	96.81
2010	5,735,445	4,912,518	85.65	5,832,625	101.69

(1) Tax collection figures reflect the taxes actually received by the District and are therefore net of any payments in lieu of taxes allocable to the incremental increase in assessed valuation over the established base assessed valuation for real property within a tax increment financing district within the District.

(2) Taxes are levied and collected on a calendar year basis. Numbers shown reflect taxes levied and collected in the District's fiscal year, as indicated.

(3) Delinquent taxes are shown in the year payment is actually received, which may cause the percentage of current and delinquent taxes collected to exceed 100%. Current and Delinquent Taxes Collected also includes the current year's protested taxes which have been released.

Source: St. Louis County Department of Revenue Collections Division.

**SCHOOL DISTRICT OF JENNINGS**

*Management's Discussion and Analysis (continued)*

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**Major Taxpayers**

The largest ten taxpayers within the District according to their 2013 assessed valuations are listed below (most recently available data). These taxpayers represent 16.30% of the District's 2013 assessed valuation of \$97,716,890 <sup>(1)</sup>.

<b>Firm</b>	<b>Assessed Valuation<sup>(1)</sup></b>
Emerson Electric Company	\$ 3,744,110
Sansone Plaza on the Boulevard LLC	2,886,340
Target Corporation	1,936,970
Louisa Food Products Inc.	1,409,760
Jennings Senior Associates LP	1,354,780
Emerson Electric Manufacturing Company	1,037,150
SWH Investments III LLC	977,880
Laclede Gas Company	875,690
Missouri American Water Company	865,200
Stout Industries, Inc.	811,520
<b>TOTAL</b>	<b><u>\$15,899,400</u></b>

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<sup>(1)</sup> Includes the incremental increase in assessed valuation over the established assessed valuation base within a tax increment financing district within the District.

Source: St. Louis County Department of Revenue Collections Division

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## SCHOOL DISTRICT OF JENNINGS

### *Management's Discussion and Analysis (continued)*

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#### **Debt Ratios and Related Information**

Estimated Population, District (2010):	17,392
Assessed Valuation (12/31/13) <sup>(1)</sup>	\$ 97,716,890
Estimated Actual Value (12/31/13) <sup>(1)</sup>	\$ 432,475,270
Outstanding Direct Debt	\$ 12,505,000
Per Capita Direct Debt	\$ 719.01
Ratio of Direct Debt to Assessed Valuation	12.80%
Ratio of Direct Debt to Estimated Actual Value	2.89%

<sup>(1)</sup> Net of the incremental increase in assessed valuation over the established assessed valuation base within tax increment financing districts within the District.

Source: District and St. Louis County Department of Revenue Collections Division.

#### **Current Financial Issues and Concerns**

The School District of Jennings has reasonable Operating Funds balances of \$7,396,787, which is 27.62 percent of expenditures. A pattern of decreasing fund balance stopped in fiscal year 2011. The District had small surpluses in both fiscal year 2012 and 2013. For fiscal year 2014, the surplus was in excess of \$700,000.

The District has a balanced budget for fiscal year 2015.

The goal remains to continue to maintain a balanced budget in the School District's Operating Funds, while still providing quality educational services to the students.

#### **Contacting the School District's Financial Management**

Our financial report is designed to provide our citizens, taxpayers, parents, students, and investors with a general overview of the School District's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Michael O'Connell, Chief Financial Officer, at the School District of Jennings, 2559 Dorwood Drive, Jennings, Missouri 63136.

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**Basic Financial Statements**

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**SCHOOL DISTRICT OF JENNINGS**

**STATEMENT OF NET POSITION – MODIFIED CASH BASIS  
JUNE 30, 2014**

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	<b><u>Governmental Activities</u></b>
<b>-- ASSETS --</b>	
Cash and investments	\$ 12,074,182
Restricted cash and investments	<u>410,655</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 12,484,837</u></b>
<b>-- LIABILITIES --</b>	
Accrued payroll	<u>\$ 2,166,717</u>
<b>Total Liabilities</b>	<b><u>2,166,717</u></b>
<b>-- NET POSITION --</b>	
Restricted for:	
Bond proceeds	1,856,195
Debt service	647,659
Food services	614,438
Unrestricted	<u>7,199,828</u>
<b>Total Net Position</b>	<b><u>10,318,120</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 12,484,837</u></b>

**SCHOOL DISTRICT OF JENNINGS**

**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Program Revenues				Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants, Contributions and Bond Proceeds	Revenue and
					Changes in Net Position
					Total Governmental Activities
<b>GOVERNMENTAL ACTIVITIES:</b>					
Instruction	\$ 13,311,799	\$ 373,131	\$ 951,376	\$ -	\$ (11,987,292)
Guidance	658,612	-	-	-	(658,612)
Health and other services	450,160	-	95,639	-	(354,521)
Improvement of instruction	474,743	-	258,389	-	(216,354)
Professional development	190,680	-	-	-	(190,680)
Media services	1,819,010	-	-	-	(1,819,010)
Board of Education services	97,492	-	-	-	(97,492)
Executive administration	663,149	-	-	-	(663,149)
Building level administration	2,030,132	-	114,816	-	(1,915,316)
Operation of plant	3,445,046	57,134	-	-	(3,387,912)
Pupil transportation	292,419	-	50,692	-	(241,727)
Food services	1,546,991	202,709	1,285,396	-	(58,886)
Business and central services	456,945	-	-	-	(456,945)
Security services	296,912	-	-	-	(296,912)
Community services	1,115,958	18,705	1,233,985	-	136,732
Facilities	3,233,000	-	-	-	(3,233,000)
Debt service:					
Principal	645,447	-	-	-	(645,447)
Interest	645,582	-	-	-	(645,582)
Other	1,325	-	-	-	(1,325)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 31,375,402</b>	<b>\$ 651,679</b>	<b>\$ 3,990,293</b>	<b>\$ -</b>	<b>(26,733,430)</b>

**General Revenues**

Taxes:

Property taxes	5,861,121
Sales taxes	2,379,187
Other taxes	357,742
State aid	15,125,851
Fines and escheats	49,469
State assessed utilities	344,312
Investment income	24,212
Other	6,133

**TOTAL GENERAL REVENUES** 24,148,027

**CHANGE IN NET POSITION** (2,585,403)

**NET POSITION, BEGINNING  
OF YEAR** 12,903,523

**NET POSITION, END OF YEAR** \$ 10,318,120

**SCHOOL DISTRICT OF JENNINGS**

**BALANCE SHEET – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>-- ASSETS --</b>					
<b>ASSETS:</b>					
Cash and investments	\$ 7,575,772	\$ 1,987,732	\$ 237,004	\$ 2,273,674	\$ 12,074,182
Restricted cash and investments	-	-	410,655	-	410,655
<b>TOTAL ASSETS</b>	<b>\$ 7,575,772</b>	<b>\$ 1,987,732</b>	<b>\$ 647,659</b>	<b>\$ 2,273,674</b>	<b>\$ 12,484,837</b>
<b>-- LIABILITIES --</b>					
<b>LIABILITIES:</b>					
Accrued payroll	\$ 178,985	\$ 1,987,732	\$ -	\$ -	\$ 2,166,717
<b>Total Liabilities</b>	<b>178,985</b>	<b>1,987,732</b>	<b>-</b>	<b>-</b>	<b>2,166,717</b>
<b>-- FUND BALANCES --</b>					
<b>FUND BALANCES:</b>					
Restricted for:					
Bond proceeds	-	-	-	1,856,195	1,856,195
Debt service	-	-	647,659	-	647,659
Food services	614,438	-	-	-	614,438
Assigned to:					
Capital projects	-	-	-	417,479	417,479
Unassigned	6,782,349	-	-	-	6,782,349
<b>Total Fund Balances</b>	<b>7,396,787</b>	<b>-</b>	<b>647,659</b>	<b>2,273,674</b>	<b>10,318,120</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,575,772</b>	<b>\$ 1,987,732</b>	<b>\$ 647,659</b>	<b>\$ 2,273,674</b>	<b>\$ 12,484,837</b>

**SCHOOL DISTRICT OF JENNINGS**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES –  
MODIFIED CASH BASIS – GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>					
Local sources:					
Property taxes	\$ 3,171,013	\$ 1,779,798	\$ 910,310	\$ -	\$ 5,861,121
Sales taxes	1,486,992	892,195	-	-	2,379,187
Investment income	21,329	1,180	338	1,365	24,212
Student activities	114,299	-	-	-	114,299
Food service	202,709	-	-	-	202,709
Other local	468,471	7,143	3,654	334,218	813,486
<b>Total local</b>	<b>5,464,813</b>	<b>2,680,316</b>	<b>914,302</b>	<b>335,583</b>	<b>9,395,014</b>
County sources:					
State assessed utilities	204,156	114,587	25,569	-	344,312
Fines and escheats	-	49,469	-	-	49,469
<b>Total county</b>	<b>204,156</b>	<b>164,056</b>	<b>25,569</b>	<b>-</b>	<b>393,781</b>
State sources:					
Basic formula	4,519,065	10,606,786	-	-	15,125,851
State grants and contributions	51,021	11,909	-	-	62,930
<b>Total state</b>	<b>4,570,086</b>	<b>10,618,695</b>	<b>-</b>	<b>-</b>	<b>15,188,781</b>
Federal sources	2,628,401	1,180,701	-	3,321	3,812,423
<b>Total Revenues</b>	<b>12,867,456</b>	<b>14,643,768</b>	<b>939,871</b>	<b>338,904</b>	<b>28,789,999</b>
<b>EXPENDITURES:</b>					
Current:					
Instruction	1,932,211	11,374,224	-	5,364	13,311,799
Attendance	-	-	-	-	-
Guidance	244	658,368	-	-	658,612
Health and other services	450,160	-	-	-	450,160
Improvement of instruction	95,864	378,879	-	-	474,743
Professional development	58,546	132,134	-	-	190,680
Media services	1,385,155	372,423	-	61,432	1,819,010
Board of Education services	97,492	-	-	-	97,492
Executive administration	418,482	244,667	-	-	663,149
Building level administration	616,908	1,413,224	-	-	2,030,132
Operation of plant	3,445,046	-	-	-	3,445,046
Pupil transportation	292,419	-	-	-	292,419
Food services	1,538,369	3,757	-	4,865	1,546,991
Business and central services	456,945	-	-	-	456,945
Security services	296,912	-	-	-	296,912
Community services	699,649	416,309	-	-	1,115,958
Capital outlay	-	-	-	3,233,000	3,233,000
Debt service:					
Principal retirements	-	-	459,874	185,573	645,447
Interest	-	-	568,676	76,906	645,582
Other	-	-	1,325	-	1,325
<b>Total Expenditures</b>	<b>11,784,402</b>	<b>14,993,985</b>	<b>1,029,875</b>	<b>3,567,140</b>	<b>31,375,402</b>



**SCHOOL DISTRICT OF JENNINGS**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES –  
MODIFIED CASH BASIS – GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,083,054	(350,217)	(90,004)	(3,228,236)	(2,585,403)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers (to) from other funds	(355,082)	350,217	-	4,865	-
<b>Total Other Financing Sources (Uses)</b>	(355,082)	350,217	-	4,865	-
<b>NET CHANGES IN FUND BALANCES</b>	727,972	-	(90,004)	(3,223,371)	(2,585,403)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	6,668,815	-	737,663	5,497,045	12,903,523
<b>FUND BALANCES, END OF YEAR</b>	\$ 7,396,787	\$ -	\$ 647,659	\$ 2,273,674	\$ 10,318,120

# SCHOOL DISTRICT OF JENNINGS

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District of Jennings (the "District") operates under the regulations pursuant to Section 162.092 RSMo of the Public School Laws of Missouri, which designates a Board of Education to act as the governing authority. The District provides educational services.

As discussed further in Note 1 under "Basis of Accounting," these financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

#### Principles Determining the Scope of Reporting Entity

The financial statements of the District consist only of the funds of the District. The District has no financial accountability for any other governmental entity, since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective board. In addition, the District is not aware of any entity which would exercise such oversight that would result in the District being considered a component unit of the entity.

Additionally, while the parent-teacher organizations of the District's schools may be considered to be part of the financial reporting entity of the District under governmental standards, the balances and activities of such organizations have not been included in these financial statements due to their overall immateriality to the District.

#### Fund Accounting

The accounts of the District are organized on the basis of legally established funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. District resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the District:

#### Governmental Funds

Governmental funds are those through which most functions of the District are financed. The District's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position rather than upon net income determination. The following are the District's governmental fund types, each of which the District considers to be a major fund:

General Fund - The General Fund is the general operating fund of the District and accounts for expenditures for non-certified employees, pupil transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program and any expenditures not required or permitted to be accounted for in other funds.

## SCHOOL DISTRICT OF JENNINGS

### *Notes to Basic Financial Statements (continued)*

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Special Revenue Fund - A special revenue fund accounts for revenues derived from specific taxes or other earmarked revenue sources. The Special Revenue Fund accounts for expenditures for certified employees involved in administration and instruction, and includes revenues restricted by the state and local tax levy allocations for the payment of teacher salaries and certain benefits.

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

Capital Projects Fund - The Capital Projects Fund is used to account for the proceeds of long-term debt, taxes and other revenues designated for acquisition or construction of major capital assets and all other capital outlay.

### Basis of Presentation

#### *Government-wide Financial Statements:*

The statement of net position and the statement of activities present financial information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of net position presents the financial condition of the governmental activities of the District at year end. 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 (a) charges paid by the students for tuition, fees, or goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as *program revenues* are presented as general revenues and include all property taxes. 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.

#### *Fund Financial Statements:*

The fund financial statements provide information about the District's funds. A balance sheet and statement of revenues, expenditures, and changes in fund balances are presented. The emphasis of fund financial statements is on *major* governmental funds, each displayed in a separate column. The District considers each of its funds to be major.

### Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and fund financial statements are prepared using a modified cash basis of accounting. This basis of accounting recognizes assets, net position/fund equity, revenues, and expenditures/expenses when they result

## SCHOOL DISTRICT OF JENNINGS

### *Notes to Basic Financial Statements (continued)*

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from cash transactions, except that purchases of investments are recorded as assets. 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 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 and all government-wide financial statements would be presented on the accrual basis of accounting.

#### Property Taxes

Taxes are levied annually in November based on the assessed valuation of all real and personal property located in the District as of the previous January 1 and are due and collectible on December 31. Property taxes become delinquent and attach as an enforceable lien on property as of January 1 of the following year. St. Louis County collects the property tax and remits it to the District.

The assessed valuation of the tangible taxable property for the calendar years 2013 and 2012 for purposes of local taxation was \$97,716,890 and \$99,744,650, respectively.

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:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
General Fund	\$ 3.5548	\$ 3.4859
Special Revenue Fund	1.9952	1.9952
Debt Service Fund	0.9900	0.9900
Capital Projects Fund	-	-
<b>Total</b>	<u>\$ 6.5400</u>	<u>\$ 6.4711</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2014, aggregated approximately 91.7% of the current assessment computed on the basis of the levy as shown above.

#### Sales Taxes

The District receives sales taxes collected by the state from a one cent state sales tax. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year. The District's taxpayers have voted to permanently waive this property tax rollback.

## SCHOOL DISTRICT OF JENNINGS

### *Notes to Basic Financial Statements (continued)*

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#### Pooled Cash and Temporary Investments

Cash resources are combined to form a pool of cash and temporary investments that is available for use by all funds, with the exception of resources for the Debt Service Fund, as state law requires these deposits to be separately maintained.

Under state law, the District may invest in United States Treasury bills, United States Treasury 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.

Interest income earned is allocated to contributing funds based on each fund's proportionate share of funds invested.

See Footnote 2, Cash and Investments.

#### Restricted Cash and Investments

Restricted cash and investments represent amounts whose use is limited by legal requirements. In the Debt Service Fund, restricted cash and investments consist of amounts escrowed for future general obligation bond principal and interest payments in conjunction with the Missouri School District Direct Deposit Program as discussed in Note 2 and Note 3. In the Capital Projects Fund, restricted cash and investments consist of bond proceeds.

#### Accrued Payroll

Accrued payroll includes wages and related taxes for payments that are related to employees' current contract year but will be paid in July and August of the next fiscal year. Accrued payroll also includes amounts related to employees' tax-deferred flexible spending accounts that have been withheld from employee paychecks but have not yet been reimbursed to employees for qualifying eligible expenses.

#### Governmental Fund Balances

In the governmental fund financial statements the following classifications are used to define the governmental fund balances:

Nonspendable – This consists of the governmental fund balances that are not in spendable form or legally or contractually required to be maintained intact. The District has no nonspendable fund balances as of June 30, 2014.

Restricted – This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. At June 30, 2014, the District's restricted fund balances include amounts restricted for bond proceeds, debt service, and the food service program.

## SCHOOL DISTRICT OF JENNINGS

### *Notes to Basic Financial Statements (continued)*

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Committed – This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of Education, the District’s highest level of decision-making authority. The District has no committed fund balances as of June 30, 2014.

Assigned – This consists of the governmental fund balances that are intended to be used for specific purposes by a) Board of Education or b) Chief Financial Officer. At June 30, 2014, the District’s assigned fund balances include amounts assigned to capital projects.

Unassigned – This consists of the governmental fund balances that do not meet the definition of "nonspendable," "restricted," "committed," or "assigned."

When restricted and other fund balance resources are available for use, it is the District’s policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

#### Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors 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. At June 30, 2014, net position was restricted for capital projects funded by bond proceeds, payment of principal and interest on long-term debt, and the food service program.

#### Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented in the financial statements.

During the current year, an interfund transfer of \$350,217 was made from the General Fund to the Special Revenue Fund to eliminate the deficit. In addition, an interfund transfer of \$4,865 was made from the General Fund to the Capital Projects Fund to pay for food service equipment.

#### Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year ended June 30, 2014.

## SCHOOL DISTRICT OF JENNINGS

### *Notes to Basic Financial Statements (continued)*

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#### Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## 2. CASH AND INVESTMENTS

The District is governed by the deposit and investment limitations of state law, as described in Note 1.

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 payments from 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 requirements of the related bond issues. At June 30, 2014, the District had \$410,655 in this program, which has been included in investments.

The District also participates in the Missouri Securities Investment Program (MOSIP). MOSIP is an external investment pool in which a district's monies are pooled with other districts' monies to purchase investments that are permitted by state statutes. The District's monies are used to purchase a pro-rata share of the pool. A board of directors comprised of Missouri school administrators, school board members, and school business officials provides governance and oversight of MOSIP's operations. The board seeks to maintain a stable net asset value of \$1 per share.

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

<u>Type</u>	<u>Maturities</u>	<u>Cost</u>
Deposits:		
Demand deposits	N/A	\$ 237,385
Certificates of deposit	N/A	<u>3,472,000</u>
<b>Total Deposits</b>		<u>3,709,385</u>
Investments:		
Money market mutual funds	Less than 1 year	410,655
External investment pool (MOSIP)	Less than 1 year	<u>8,364,797</u>
<b>Total Investments</b>		<u>8,775,452</u>
<b>Total Deposits and Investments</b>		<u><u>\$ 12,484,837</u></u>

## SCHOOL DISTRICT OF JENNINGS

### Notes to Basic Financial Statements (continued)

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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. The District's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270. The value of the securities must be at least equal to the total of the District's deposits not insured by FDIC. As of June 30, 2014, none of the District's bank balance of \$3,716,084 was exposed to custodial credit risk.

#### 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 District, and are held by the party who sold the security to the District or the seller's agent but not in the District's name. The District does not have a policy addressing custodial credit risk for investments. At June 30, 2014, all of the District's investments, evidenced by individual securities, are registered in the name of the District or of a type that are not exposed to custodial credit risk.

#### Investment Interest Rate Risk

Investment interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses. Maturities of investments held at June 30, 2014 are provided in the schedule above.

#### Investment Credit Risk

The District has policies in place to minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by pre-qualifying the institution with which the District will do business and by diversifying the portfolio so that potential losses on individual securities will be minimized.

At June 30, 2014, the District's investments were rated as follows:

<u>Description</u>	<u>Financial Institution</u>	<u>Amount</u>	<u>Rating</u>
External investment pool - MOSIP Money Market	MOSIP	\$ 8,364,797	AAAm
Money market mutual funds - MOHEFA	Wells Fargo	410,655	AAAm



**SCHOOL DISTRICT OF JENNINGS**

*Notes to Basic Financial Statements (continued)*

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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 does not have a policy limiting the amount it may invest in any one issuer. At June 30, 2014, the District did not have any investments subject to this disclosure.

**3. LONG-TERM DEBT**

For the year ended June 30, 2014, the following changes occurred in long-term debt:

	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2014</b>	<b>Amounts Due Within One Year</b>
Bonds payable	\$12,964,874	\$ -	\$ 459,874	\$12,505,000	\$ 635,000
Capital leases payable	1,881,330	-	185,573	1,695,757	76,906
Totals	<u>\$14,846,204</u>	<u>\$ -</u>	<u>\$ 645,447</u>	<u>\$14,200,757</u>	<u>\$ 711,906</u>

Payments on bonds payable are made from the Debt Service Fund. Payments on capital leases payable are made from the Capital Projects Fund.

**SCHOOL DISTRICT OF JENNINGS**

*Notes to Basic Financial Statements (continued)*

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**Bonds Payable**

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

\$2,820,000 General Obligation Bonds Series 2006, due in varying installments through March 2016, interest at 3.75% to 4.00%	\$ 1,005,000
\$5,600,000 General Obligation Bonds Series 2011, due in varying installments through March 2031, interest at 2.00% to 4.00%	5,600,000
\$5,900,000 General Obligation Bonds Series 2012, due in varying installments through March 2031, interest at 2.00% to 3.00%	<u>5,900,000</u>
Total Bonds Payable	<u><u>\$ 12,505,000</u></u>

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

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 635,000	\$ 391,550	\$ 1,026,550
2016	520,000	366,150	886,150
2017	550,000	348,350	898,350
2018	565,000	337,350	902,350
2019	590,000	324,950	914,950
2020 - 2024	3,370,000	1,385,325	4,755,325
2025 - 2029	4,270,000	783,900	5,053,900
3030 - 2031	2,005,000	99,900	2,104,900
Total	<u><u>\$ 12,505,000</u></u>	<u><u>\$ 4,037,475</u></u>	<u><u>\$ 16,542,475</u></u>

## SCHOOL DISTRICT OF JENNINGS

### *Notes to Basic Financial Statements (continued)*

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Repayment of all bond issues is made through the Missouri District Direct Deposit Program, as discussed in Note 2.

#### Defeased Debt

In prior years, the District issued general obligation bonds to refund certain outstanding bonds. At June 30, 2014, the amount of defeased debt outstanding and removed from the District's books of record is \$275,000.

#### Legal Debt Margin

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of the District to fifteen percent (15%) of the assessed valuation of the District (including state assessed railroad and utilities). The legal debt margin of the District, computed excluding the assessed valuation of state assessed railroad and utilities, at June 30, 2014, was:

Constitutional debt limit	\$ 14,657,534
General obligation bonds payable	(12,505,000)
Amount available in Debt Service Fund	<u>647,659</u>
	<u><u>\$ 2,800,193</u></u>

#### Capital Lease Agreements

At June 30, 2014, the District is obligated under two leases that are classified as capital leases.

During fiscal year 2007, the District entered into a lease purchase agreement with a company for various energy savings equipment and related installation. The lease is for a total amount of \$2,705,586 and calls for semi-annual payments of approximately \$119,340 at an interest rate of 4.19%. The final payment under this lease is due in November 2022.

During fiscal year 2010, the District entered into a lease purchase agreement with a company for various copier equipment. The lease is for a total of \$105,117 and calls for monthly payments of approximately \$1,983 at an interest rate of approximately 4.8%. The final payment under this lease is due in September 2014.

## SCHOOL DISTRICT OF JENNINGS

### *Notes to Basic Financial Statements (continued)*

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Future minimum lease payments under the capital leases described above are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 242,646
2016	238,680
2017	238,680
2018	238,680
2019	238,680
2020 - 2023	<u>835,380</u>
Total future minimum lease payments	2,032,746
Less amount representing interest	<u>336,989</u>
Present value of future minimum lease payments	<u><u>\$ 1,695,757</u></u>

#### **4. RETIREMENT PLANS**

The District contributes to the Public School Retirement System of Missouri (PSRS), a mandatory 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 generally covered by Social Security; however, since July 1, 2010, certain PSRS members are required to contribute to Social Security and are also required by Missouri law to contribute to PSRS at two-thirds the normal PSRS contribution rate. PSRS benefit provisions are set forth in Sections 169.010 - 169.141 and Sections 169.560 - 169.595 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 stand-alone Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848. A copy may also be viewed online at <http://www.psrsp.org/Investments/AnnualReport.htm>.

The PSRS members' normal contribution rates were 14.5% of their annual covered salary during the year ended June 30, 2011, and 14.5% for the years ended June 30, 2012, 2013 and 2014, respectively. The employer districts were required to match member contributions. The contribution requirements of members and the District, which are based on an actuarially determined rate, are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the years ended June 30, 2012 through June 30, 2014 were equal to the required contributions as listed in the table below.

## SCHOOL DISTRICT OF JENNINGS

### *Notes to Basic Financial Statements (continued)*

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The District also contributes to the Public Education Employee Retirement System of Missouri (PEERS), a mandatory cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees 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 Sections 169.600 - 169.715 and Sections 169.560 - 169.595 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 stand-alone Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public Education Employee Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848. A copy may also be viewed online at <http://www.psr-peers.org/Investments/AnnualReport.htm>.

PEERS members were required to contribute 6.86% of their annual covered salary during the years ended June 30, 2012, 2013 and 2014, respectively. The employer districts were required to match these amounts. The contribution requirements of members and the District, which are based on an actuarially determined rate, are established and may be amended by the Board of Trustees. The District's contributions to PEERS for the years ended June 30, 2012 through June 30, 2014 were equal to the required contributions as listed in the table below.

<u>Year Ended June 30,</u>	<u>PSRS</u>	<u>PEERS</u>
2014	\$ 1,853,757	\$ 296,674
2013	2,021,650	285,444
2012	2,183,282	314,757

#### **5. EMPLOYEE BENEFIT PLANS**

The District offers its employees a tax-sheltered annuity program created in accordance with Internal Revenue Code Section 403(b). The plan, available to all District employees, permits them to defer a portion of their salary for investment purposes. The District also offers its employees medical, dental, and life insurance coverage.

#### **6. 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 2014 was \$443,089. Settled claims have not exceeded insurance coverage in any of the past three years.

## SCHOOL DISTRICT OF JENNINGS

### *Notes to Basic Financial Statements (continued)*

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#### **7. COMMITMENTS AND CONTINGENCIES**

##### Compensated Absences

Vacation time, personal days and sick leave are considered expenditures in the year paid. Employees may not carry forward vacation time. Earned but unused vacation time is paid to all employees upon termination. The amount of unpaid sick leave and vacation, which is not included in the accompanying financial statements, has not been calculated by the District.

##### Grants

The District receives revenues under various federal and state grant programs which are required to be expended in accordance with regulatory restrictions. These grants are subject to audit by the granting agencies. Such audits could result in request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. However, in the District's opinion, any adjustments or settlements that may arise from these audits would not have a material adverse effect on the overall financial position the District. In addition, while the District may have grant expenditures that have yet to be reimbursed or grant receipts that have yet to be expended at June 30, 2014, any related grant receivables or deferrals are not reflected in the accompanying financial statements.

##### Construction

As of June 30, 2014, the District has entered into construction commitments of approximately \$1,914,000, of which approximately \$1,549,000 has been paid.

##### Legal Matters

The District is involved in various lawsuits and other legal matters. While in the District's opinion, based on consultation with legal counsel, these items will be resolved with no material adverse effect on the District, the results of the proceedings have yet to be finalized.

#### **8. 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 and dental insurance plans. Upon meeting the retirement requirements under 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 used 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. During the year ended June 30, 2014, 59 retirees participated in the District's health or dental insurance plans and paid premiums totaling approximately \$283,000.

## SCHOOL DISTRICT OF JENNINGS

### *Notes to Basic Financial Statements (continued)*

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#### **9. SUBSEQUENT EVENT**

Subsequent to June 30, 2014, the District entered into a lease that is classified as a capital lease to finance the purchase of various copiers. The lease calls for monthly payments of principal and interest of \$1,388. The interest rate on this lease is 6.46% and matures in August 2019.

#### **10. RECENT ACCOUNTING PRONOUNCEMENTS**

In June 2012, the GASB issued Statement No. 67 “Financial Reporting for Pension Plans” and Statement No. 68 “Accounting and Reporting for Pensions.” The objective of these statements is to revise existing accounting and financial reporting requirements for most pension plans, and to revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The requirements in Statement No. 67 are effective for periods beginning after June 15, 2013, and the requirements in Statement No. 68 are effective for periods beginning after June 15, 2014.

In November 2013, the GASB issued Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68.” This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The requirements in this Statement are effective simultaneously with the requirements of Statement No. 68 which is effective for periods beginning after June 15, 2014.

The effects on the District’s financial statements as a result of the adoption of these new pronouncements are unknown.

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**Supplementary Information**

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## SCHOOL DISTRICT OF JENNINGS

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE – MODIFIED CASH BASIS – BUDGET AND ACTUAL - GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Local	\$ 5,079,009	\$ 5,206,692	\$ 5,464,813	\$ 258,121
County	211,019	211,019	204,156	(6,863)
State	4,501,078	4,604,796	4,570,086	(34,710)
Federal	2,500,511	2,783,086	2,628,401	(154,685)
<b>Total Revenues</b>	<b>12,291,617</b>	<b>12,805,593</b>	<b>12,867,456</b>	<b>61,863</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction	1,691,262	2,277,314	1,932,211	345,103
Guidance	115,689	500	244	256
Health and other services	629,365	494,341	450,160	44,181
Improvement of instruction	147,020	142,988	95,864	47,124
Professional development	-	58,730	58,546	184
Media services	1,185,287	1,461,467	1,385,155	76,312
Board of Education services	77,250	97,635	97,492	143
Executive administration	451,183	418,523	418,482	41
Building level administration	692,014	617,015	616,908	107
Operation of plant	3,403,773	3,392,453	3,445,046	(52,593)
Pupil transportation	259,000	276,900	292,419	(15,519)
Food services	1,508,499	1,579,784	1,538,369	41,415
Business and central services	440,074	457,247	456,945	302
Security services	271,226	280,776	296,912	(16,136)
Community services	588,299	714,735	699,649	15,086
<b>Total Expenditures</b>	<b>11,459,941</b>	<b>12,270,408</b>	<b>11,784,402</b>	<b>486,006</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>831,676</b>	<b>535,185</b>	<b>1,083,054</b>	<b>547,869</b>
<b>OTHER FINANCING USES:</b>				
Transfers to other funds	(819,989)	(528,620)	(355,082)	173,538
<b>NET CHANGE IN FUND BALANCE</b>	<b>11,687</b>	<b>6,565</b>	<b>727,972</b>	<b>721,407</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>6,588,135</b>	<b>6,668,815</b>	<b>6,668,815</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 6,599,822</b>	<b>\$ 6,675,380</b>	<b>\$ 7,396,787</b>	<b>\$ 721,407</b>

**SCHOOL DISTRICT OF JENNINGS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE –  
MODIFIED CASH BASIS – BUDGET AND ACTUAL – SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Local	\$ 2,529,722	\$ 2,541,630	\$ 2,680,316	\$ 138,686
County	165,708	165,708	164,056	(1,652)
State	10,470,351	10,466,093	10,618,695	152,602
Federal	1,586,898	1,458,726	1,180,701	(278,025)
<b>Total Revenues</b>	<b>14,752,679</b>	<b>14,632,157</b>	<b>14,643,768</b>	<b>11,611</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction	11,559,289	11,458,614	11,374,224	84,390
Guidance	725,451	675,516	658,368	17,148
Health and other services	15,877	-	-	-
Improvement of instruction	827,124	396,446	378,879	17,567
Professional development	-	132,509	132,134	375
Media services	423,899	415,020	372,423	42,597
Executive administration	241,033	244,733	244,667	66
Building level administration	1,283,806	1,413,494	1,413,224	270
Food services	-	3,850	3,757	93
Community services	496,189	420,595	416,309	4,286
<b>Total Expenditures</b>	<b>15,572,668</b>	<b>15,160,777</b>	<b>14,993,985</b>	<b>166,792</b>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	<b>(819,989)</b>	<b>(528,620)</b>	<b>(350,217)</b>	<b>178,403</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers from other funds	819,989	528,620	350,217	(178,403)
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**SCHOOL DISTRICT OF JENNINGS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE –  
MODIFIED CASH BASIS – BUDGET AND ACTUAL – DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Local	\$ 921,332	\$ 844,996	\$ 914,302	\$ 69,306
County	20,070	20,070	25,569	5,499
<b>Total Revenues</b>	<u>941,402</u>	<u>865,066</u>	<u>939,871</u>	<u>74,805</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal retirements	459,875	459,875	459,874	1
Interest	568,677	568,677	568,676	1
Other	5,000	5,000	1,325	3,675
<b>Total Expenditures</b>	<u>1,033,552</u>	<u>1,033,552</u>	<u>1,029,875</u>	<u>3,677</u>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	(92,150)	(168,486)	(90,004)	78,482
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>727,296</u>	<u>737,663</u>	<u>737,663</u>	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 635,146</u>	<u>\$ 569,177</u>	<u>\$ 647,659</u>	<u>\$ 78,482</u>

**SCHOOL DISTRICT OF JENNINGS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE –  
MODIFIED CASH BASIS – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Local	\$ 301,250	\$ 301,250	\$ 335,583	\$ 34,333
Federal	-	-	3,321	3,321
<b>Total Revenues</b>	<b>301,250</b>	<b>301,250</b>	<b>338,904</b>	<b>37,654</b>
<b>EXPENDITURES:</b>				
Instruction	-	5,549	5,364	185
Media services	-	-	61,432	(61,432)
Food services	-	4,865	4,865	-
Capital outlay	1,000,000	5,087,830	3,233,000	1,854,830
Debt service:				
Principal retirements	177,772	185,574	185,573	1
Interest	84,709	76,907	76,906	1
Other	-	-	-	-
<b>Total Expenditures</b>	<b>1,262,481</b>	<b>5,360,725</b>	<b>3,567,140</b>	<b>1,793,585</b>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	<b>(961,231)</b>	<b>(5,059,475)</b>	<b>(3,228,236)</b>	<b>1,831,239</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers from other funds	-	-	4,865	4,865
<b>NET CHANGE IN FUND BALANCE</b>	<b>(961,231)</b>	<b>(5,059,475)</b>	<b>(3,223,371)</b>	<b>1,836,104</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>1,400,297</b>	<b>5,497,045</b>	<b>5,497,045</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 439,066</b>	<b>\$ 437,570</b>	<b>\$ 2,273,674</b>	<b>\$ 1,836,104</b>

**SCHOOL DISTRICT OF JENNINGS**

**NOTES TO BUDGETARY COMPARISON INFORMATION  
JUNE 30, 2014**

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Budgets and Budgetary Accounting

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

1. In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education. The budget for the year ended June 30, 2014 was originally adopted on May 20, 2013.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. The final amended budget was adopted on June 16, 2014.
6. Budgets are adopted on the modified cash basis of accounting for all governmental funds.



**SCHOOL DISTRICT OF JENNINGS**

*Schedule of Selected Statistics (continued)*

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**3. September Membership**

	<u>Full-Time &amp; Part-Time</u>	<u>Deseg In</u>	<u>Total</u>
September Membership FTE Count	<u>2,489.38</u>	<u>-</u>	<u>2,489.38</u>

Notes: \_\_\_\_\_

---

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

		<u>Full-Time &amp; Part-Time</u>	<u>Deseg In</u>	<u>Total</u>
State FTE Total	Free	<u>2,116.26</u>	<u>-</u>	<u>2,116.26</u>
	Reduced	<u>118.14</u>	<u>-</u>	<u>118.14</u>
	Total	<u>2,234.40</u>	<u>-</u>	<u>2,234.40</u>

**5. Finance**

Fill in the blank with the appropriate response of true, false, or N/A unless otherwise noted.

- A. As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of: \$ 50,000
  
- B. The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. True
  
- C. The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. True
  
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. True
  
- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. N/A
  
- F. The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. True

**SCHOOL DISTRICT OF JENNINGS**

*Schedule of Selected Statistics (continued)*

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G. The District has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditures of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. True

H. The amount spent for approved professional development committee plan activities was: \$190,680

All above "false" answers must be supported by a finding or management letter comment.

Finding #: \_\_\_\_\_

Management Letter Comment #: \_\_\_\_\_

Notes: \_\_\_\_\_

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**6. Transportation (Section 163.161, RSMo)**

Fill in the blank with the appropriate response of true, false, or N/A unless otherwise noted.

A. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. N/A

B. The District's school transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported. N/A

C. Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:

- Eligible ADT N/A
- Ineligible ADT N/A

D. The District's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year. N/A



**SCHOOL DISTRICT OF JENNINGS**

*Schedule of Selected Statistics (continued)*

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E. Actual odometer records show the total District-operated and contracted mileage for the year was: N/A

Of this total, the eligible non-disabled and students with disabilities route miles and ineligible non-route and disapproved miles (combined) was:

- Eligible Miles N/A
- Ineligible Miles (Non-Route/Disapproved) N/A

F. Number of days the District operated the school transportation system during the regular school year: N/A

All above "False" answers must be supported by a finding or management letter comment.

Finding #: \_\_\_\_\_

Management Letter Comment #: \_\_\_\_\_

Notes: \_\_\_\_\_

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**REPORT ON COMPLIANCE - STATE REQUIREMENTS**

To the Members of the Board of Education  
School District of Jennings

We have audited the financial statements of the School District of Jennings (the "District") as of and for the year ended June 30, 2014, and have issued our report thereon dated December 10, 2014. Our report on the financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As required by the Revised Statutes of the State of Missouri, we have performed auditing procedures to test compliance with the budgetary statute (Chapter 67 RSMo) 165.121.3 (7) RSMo with respect to the methods of maintaining pupil attendance records for the year ended June 30, 2014. The management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the District's budgetary and disbursements procedures were in compliance, in all material respects, with the budgetary statute (Chapter 67 RSMo) for the year ended June 30, 2014. It is further our opinion that the pupil attendance records are so maintained as to accurately disclose, in all material respects, the average daily attendance and resident membership on the last Wednesday of September in compliance with state law and administrative rules for the year ended June 30, 2014.

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

*Schowalter & Jabouri, P.C.*  
SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri  
December 10, 2014

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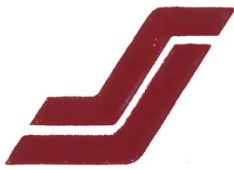
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**Federal Compliance Section**

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

To the Members of the Board of Education  
School District of Jennings

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and each major fund of the School District of Jennings (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 and have issued our report thereon dated December 10, 2014. Our report on the basic financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements 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 report on the General Fund, Special Revenue Fund, and governmental activities was qualified due to the inclusion of an accrued payroll liability for payments made in the subsequent fiscal year, which is not in accordance with the basis of accounting used by the District.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri  
December 10, 2014



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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Members of the Board of Education  
School District of Jennings

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

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

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

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

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

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## ***Opinion on Each Major Federal Program***

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

## **Report on Internal Control Over Compliance**

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

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

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

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

  
SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri  
December 10, 2014

**SCHOOL DISTRICT OF JENNINGS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Identification Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Education:</u></b>			
Passed through Missouri Department of Elementary and Secondary Education:			
21st Century Community Learning Center	84.287	096-104	\$ 400,000
Title I Grants to Local Education Agencies	84.010	096-104	1,688,920
Title I School Improvement 1003(a)	84.010	096-104	20,202
Subtotal Title I, Part A Cluster			<u>1,709,122</u>
Title IIA Improving Teacher Quality State Grants	84.367	096-104	72,050
Career and Technical Education	84.048	096-104	76,607
Subtotal Passed Through Missouri Department of Elementary and Secondary Education			<u>2,257,779</u>
<b>Total U.S. Department of Education</b>			<u>2,257,779</u>
<b><u>U.S. Department of Agriculture:</u></b>			
Passed through Missouri Department of Elementary and Secondary Education:			
Fresh Fruits and Vegetables Program	10.582	096-104	1,791
School Breakfast Program	10.553	096-104	355,522
National School Lunch Program	10.555	096-104	915,304
Donated Foods	10.555	096-104	65,718
Passed through Missouri Department of Health and Senior Services:			
Summer Food Service Program	10.559		<u>5,508</u>
Subtotal CFDA 10.553			355,522
Subtotal CFDA 10.555			981,022
Subtotal CFDA 10.559			<u>5,508</u>
Subtotal Child Nutrition Cluster			<u>1,342,052</u>
Child and Adult Care Food Program	10.558	2427	<u>187,976</u>
Subtotal Passed Through Missouri Department of Elementary and Secondary Education			1,338,335
Subtotal Passed Through Missouri Department of Health and and Senior Services			193,484
<b>Total U.S. Department of Agriculture</b>			<u>1,531,819</u>



**SCHOOL DISTRICT OF JENNINGS**

*Schedule of Expenditures of Federal Awards (continued)*

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<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Identification Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Defense, Department of the Army:</u></b>			
Direct Program:			
Junior Reserve Officer Training Corps	12.000	MO 061176	76,444
<b>Total U.S. Department of Defense, Department of the Army</b>			76,444
<b>TOTAL</b>			<b>\$ 3,866,042</b>

**SCHOOL DISTRICT OF JENNINGS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the cash activity of the District's federal award programs and does not present transactions that would be included in financial statements of the District presented on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Note 2 - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed by the District during the year ended June 30, 2014.

Note 3 - Insurance

The District did not have any federal insurance in effect during the fiscal year ended June 30, 2014.

Note 4 - Loan/Loan Guarantees

The District did not have any loans or loan guarantees outstanding as of June 30, 2014.

**SCHOOL DISTRICT OF JENNINGS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

---

**1. SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditor's report issued: Qualified on the modified cash basis of accounting

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiency (ies) identified not considered to be material weaknesses?  Yes  None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

**SCHOOL DISTRICT OF JENNINGS**

*Schedule of Findings and Questioned Costs (continued)*

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**2. FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings which are required to be reported.

**3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings and questioned costs related to Federal Awards.

**4. SCHEDULE OF PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no prior year findings and questioned costs related to Federal Awards.