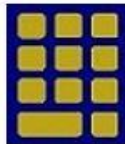


**WEST PLAINS R-VII SCHOOL DISTRICT**

Financial Statements and Supplementary Information

June 30, 2014 and 2013



**SCHULTZ, WOOD & RAPP, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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**WEST PLAINS R-VII SCHOOL DISTRICT**

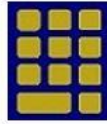
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**WEST PLAINS R-VII SCHOOL DISTRICT**

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SCHULTZ, WOOD & RAPP, P.C.

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**INDEPENDENT AUDITOR'S REPORT**

September 29, 2014

Board of Education  
West Plains R-VII School District  
West Plains, Missouri 65775

Dear Members of the Board:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the West Plains R-VII School District, as of and for the years ended June 30, 2014 and 2013, 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 accrual basis and modified accrual basis of accounting described in Note 1 to the financial statements; this includes determining that these bases of accounting are acceptable bases for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the West Plains R-VII School District, as of June 30, 2014 and 2013, and the respective changes in financial position for the years then ended in accordance with the accrual basis and modified accrual basis of accounting as described in Note 1 to the financial statements.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–9 and 31–34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Plains R-VII School District's basic financial statements. The accompanying financial information listed as other supplementary information in the table of contents and the Summary of Selected Information 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, the Schedules of Revenues Collected by Source, the Schedules of Expenditures Paid by Object and the Summary of Selected Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2014, on our consideration of the West Plains R-VII School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the West Plains R-VII School District's internal control over financial reporting and compliance.

*Schultz, Wood & Rapp, P.C.*

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Management's Discussion and Analysis  
June 30, 2014 and 2013

The Management's Discussion and Analysis (MD&A) of the West Plains R-VII School District (the District) provides an overview and analysis of the District's financial activities for the fiscal years ended June 30, 2014 and 2013. The intent of the MD&A is to look at the District's financial performance as a whole. Readers should also review the financial statements found in the Financial Section starting on page 10, and the notes thereto to enhance their understanding of the District's financial performance.

The MD&A is an element of Required Supplementary Information specified in Governmental Accounting Standards Board (GASB) Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued in 1999. Certain comparative information between the current year (2013-2014) (FY2014) and the prior (2012-2013) (FY2013) is required to be presented in the MD&A.

### ***Financial Highlights***

Key financial highlights for the fiscal years ended June 30, 2014 and 2013 include the following:

The government-wide net position decreased by \$579,995 at June 30, 2014 as compared to a decrease of \$221,377 at June 30, 2013. The governmental funds ending fund balances decreased by \$964,899 at June 30, 2014 as compared to a decrease of \$625,375 at June 30, 2013. The difference between the government-wide net position changes and the governmental funds changes reflects the differences in the accrual basis of accounting and the modified accrual basis and is reconciled on page 18. Some of the significant differences are capitalization and depreciation of fixed assets and the method of reporting payments of bond principal.

Program revenues made up 39.6% and 39.8% of the total revenues for the years ended June 30, 2014 and 2013, respectively, with general revenues making up the balance. These program revenues covered 38.9% and 39.4%, respectively of the program expenditures leaving 61.1% and 60.6%, respectively, to be covered by general revenues or the use of existing fund balances.

### ***Using the Basic Financial Statements***

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

The government-wide financial statements, consisting of the Government-Wide Statements of Net Position and the Government-Wide Statements of Activities, provide highly consolidated financial information and render a government-wide perspective of the District's financial condition. They present an aggregate view of the District's finances. These statements seek to answer the question, "How did the District do financially during the 2013-2014 fiscal year?" In short, is the District better or worse financially this year than the prior year? These statements include all assets and liabilities using the accrual basis of accounting used by most private-sector enterprises. The accrual basis takes into account all of the District's current year revenues and expenses regardless of when paid or received.

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

To provide more in-depth reporting of the District's financial position and changes in financial position, fund basis financial information is presented in the "Fund Financial Statements" section beginning on page 13. These funds are required to be established by state law and by bond covenants. These fund financial statements help the reader to determine whether there are more or fewer financial resources that can be spent in the near future for District programs.

Fund financial statements also provide more in-depth data on the District's most significant funds, its General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund. These funds are considered "major funds" under GASB Statement No. 34. The relationship between governmental activities reported in the government-wide financial statements and the governmental funds reported in the fund financial statements is reconciled in the financial statements on pages 15 and 18.

The remaining financial statements of the fiduciary funds present financial information relative to the fiduciary fund position held by the District on behalf of employees, private organizations or other governments in a position of trust. Fiduciary funds are excluded from the government-wide financial statements because the assets are not available for District operations.

### **Government-Wide Financial Analysis**

Net position of the District reflects the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources. Net position of the District at June 30 consists of the following:

	<u>2014</u>	<u>2013</u>
Current assets	\$ 9,302,060	10,079,063
Capital assets	18,916,272	18,698,551
Total assets	<u>28,218,332</u>	<u>28,777,614</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>
Long-term liabilities	5,615,000	6,385,000
Current liabilities	2,696,150	1,905,437
Total liabilities	<u>8,311,150</u>	<u>8,290,437</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>
Net position		
Invested in capital assets, net of related debt	12,531,272	11,548,551
Restricted	1,750,605	2,565,735
Unrestricted	<u>5,625,305</u>	<u>6,372,891</u>
Total net position	<u>\$ 19,907,182</u>	<u>20,487,177</u>

Net position at June 30, 2014 reflected a decrease of \$579,995 and net position at June 30, 2013 reflected a decrease of \$221,377 from the prior year balances. Key elements of these changes consist of the following:

	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Charges for services	\$ 5,167,430	5,406,052
Operating grants and contributions	3,947,564	3,745,970
Capital grants and contributions	740,949	814,134
General revenues:		
Local taxes and fees	7,959,855	7,705,451
State and federal grants not restricted to specific programs	6,817,277	6,930,071
Other	261,319	445,625
	<u>24,894,394</u>	<u>25,047,303</u>
Expenses:		
Instruction	13,839,440	13,334,873
Student activities	1,105,119	1,213,794
Student services	1,110,413	1,210,489
Instructional staff support	250,755	244,852
Administration	3,310,231	2,579,245
Operation of plant	2,595,575	1,756,757
Transportation	858,255	1,087,860
Food service	981,612	1,086,459
Adult Education	900,838	906,446
Community service and other	274,559	262,598
Interest/fees on long-term debt	125,561	279,278
Depreciation	-	1,306,029
	<u>25,352,358</u>	<u>25,268,680</u>
Change in net position	(457,964)	(221,377)
Transfer of West Plains Educational Fund (Note 1A)	(122,031)	-
Net position, beginning of year	<u>20,487,177</u>	<u>20,708,554</u>
Net position, end of year	<u>\$ 19,907,182</u>	<u>20,487,177</u>

As reflected above, certain expenses of the District's government-wide activities for the years ended June 30, 2014 and 2013 are not all borne by the taxpayers of West Plains. Of these amounts \$5,167,430 and \$5,406,052, respectively, was paid by those who used or benefited from the services rendered (e.g., charges for school lunches, student activities, and school tuition) and \$4,688,513 and \$4,560,104, respectively, was paid through various federal and state grants. Consequently, the net costs of \$15,496,415 and \$15,302,524, respectively, after taking into consideration these fees and grants, were paid from other general revenues, which includes local property taxes paid by taxpayers of the District as well as other taxes and additional state and federal funding.



The table below shows the total cost of programs and the net cost of these programs (after deducting charges for services and grant revenue) of the various categories of expenses for the years ended June 30, 2014 and 2013. The "net cost" presentation allows District taxpayers to determine the remaining cost of the various categories which were borne by them or paid from other general revenues, and allows them the opportunity to assess the cost of each of these functions in comparison to the perceived benefits received.

	2014		2013	
	Total Expense of Program	Net Expense (Revenue) of Program	Total Expense of Program	Net Expense (Revenue) of Program
Instruction	\$ 13,839,440	7,501,238	13,334,873	7,365,642
Student activities	1,105,119	288,021	1,213,794	343,653
Student services	1,110,413	755,034	1,102,769	780,556
Instructional staff support	250,755	178,524	244,852	171,411
Administration	3,310,231	3,003,343	2,579,245	2,267,218
Operation of plant	2,595,575	2,251,616	1,756,757	1,407,038
Transportation	858,255	714,544	1,087,860	949,626
Food service	981,612	(1,039)	1,086,459	(55,094)
Support services	78,274	78,274	74,615	74,615
Adult education	900,838	430,916	906,446	213,114
Community service and other	196,285	171,529	295,703	200,603
Interest/fees on long-term debt	125,561	124,415	279,278	278,113
Depreciation	-	-	1,306,029	1,306,029
Total	<u>\$ 25,352,358</u>	<u>15,496,415</u>	<u>25,268,680</u>	<u>15,302,524</u>

### **Governmental Funds Financial Analysis**

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

The District completed the fiscal year ended June 30, 2014 with a combined fund balance for governmental funds (as presented in the balance sheet on page 13) of \$6,513,672 as compared to a combined fund balance of \$7,478,571 as of July 1, 2013, a decrease of \$964,899.

During 2014, the fund balance of the general fund decreased by \$56,354, primarily due to transfers to other funds.

The major source of local revenue for operations is local property taxes amounting to \$5,431,373 and \$5,284,550 in 2014 and 2013, respectively. This amount is derived from the District's adjusted operating levy of \$3.6471 and \$3.6408 per \$100 of assessed valuation for calendar years 2014 and 2013, respectively. Other significant local revenues for 2014 and 2013 consist of \$1,840,272 and \$1,722,262 from sales tax, \$302,816 and \$292,966 from intangible tax (commercial property), breakfast and lunch revenues of \$217,442 and \$261,254, post-secondary tuition of \$463,995 and \$596,822, and student activity revenue of \$664,227 and \$662,210, respectively.

County revenue of \$322,369 and \$350,780 for 2014 and 2013, respectively, was derived primarily from county fine receipts and state assessed utility taxes.

State funding makes up 34.6% and 35.2% of total revenues for 2014 and 2013, respectively. The Missouri state foundation basic formula decreased in 2014 by \$151,423 to \$6,616,587 and in 2013 increased by \$286,424 to \$6,768,010. Other significant state revenues are:

	<u>2014</u>	<u>2013</u>
Classroom trust fund	\$ 784,883	712,092
High need fund	90,066	109,855
State transportation aid	143,711	138,234
Early childhood special education program	281,243	325,064
Vocational/At risk program	540,238	508,063

Title I funding amounted to \$1,030,074 and \$561,863 in 2014 and 2013, respectively. Federal food services reimbursements amounted to \$756,868 and \$872,123 for 2014 and 2013, respectively. All other federal revenues are designated for special programs, such as individuals with disabilities, instructional improvement, and various other direct grants.

Total governmental funds expenditures were \$25,737,111 and \$26,727,678 for 2014 and 2013, respectively. The General Fund accounts for 37.3% and 35.7% of the total expenditures for 2014 and 2013, respectively. The Special Revenue Fund accounts for 55.6% and 53.0% for 2014 and 2013, respectively, of the expenditures and primarily consists of certificated salaries and employee benefits. Debt Service Fund expenditures in 2014 and 2013 of \$0 and \$1,055,000, respectively, are for principal and interest payments on capital lease obligations. Capital Projects Fund expenditures for capital equipment and facility repairs and construction projects for 2014 and 2013 amounted to \$1,846,466 and \$1,950,834, respectively, none of which were for bond funded projects.

The following table summarizes the governmental fund revenues and expenditures for the years ended June 30:

	<u>2014</u>	<u>2013</u>
<u>Revenue</u>		
Local and other	\$ 9,279,074	10,600,136
County	322,369	350,780
Tuition from other districts	3,826,016	3,808,811
State	8,614,458	8,801,999
Federal	2,852,326	2,540,577
	<u>2,852,326</u>	<u>2,540,577</u>
Total revenue	<u>\$ 24,894,243</u>	<u>26,102,303</u>
<u>Expenditures</u>		
Instruction	\$ 13,614,148	13,614,761
Administration and support	9,446,057	9,286,660
Acquisition and construction	693,743	761,949
Debt service	889,360	1,864,646
Community service and other	1,093,803	1,199,662
	<u>1,093,803</u>	<u>1,199,662</u>
Total expenditures	<u>\$ 25,737,111</u>	<u>26,727,678</u>

-continued-

## ***General Fund Budgetary Highlights***

Over the course of each fiscal year, the School Board revises its budget to take into consideration expected changes in revenues or expenditures. Missouri Statutes for public school finance, Section 67.010, RSMo. requires a budget amendment if anticipated expenditures are in excess of budgetary goals. The original budget was adopted on June 18, 2013 and the final budget was approved on June 17, 2014.

A schedule showing the General Fund's original budget and the final budget compared with actual operating results is provided in this report on page 31.

The General Fund's actual revenues reflect a increase of \$292,270 which is 1.8% over the original budgeted revenues. The majority of this increase was attributable to increases in local revenues. The General Fund's actual expenditures reflect a decrease of \$267,478, which is 2.7% under the original budgeted expenditures.

For fiscal year 2014, total actual revenues exceeded the total original budgeted revenues by \$811,998, and total actual expenditures exceeded originally budgeted expenditures by \$168,817.

## ***Capital Assets and Debt Administration***

### ***Capital Assets***

At June 30, 2014, the District had \$18,916,272 (net of accumulated depreciation) invested in a broad range of capital assets, including land, buildings, furniture, buses and vehicles, computers, and other equipment. Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year and depreciation for the year.

Assets which were capitalized as additions totaled \$1,551,292 and \$1,824,984 for 2014 and 2013, respectively. There were no asset disposals for 2014 and 2013. Depreciation amounted to \$1,333,571 and \$1,306,029 for 2014 and 2013, respectively.

Additional information on the District's capital assets can be found in Note 5 on page 27 of the financial statements.

### ***Long-Term Debt***

At June 30, 2014, the District had outstanding capital lease obligations of \$6,385,000 compared to \$7,150,000 at June 30, 2013 and \$4,935,000 at June 30, 2012. Payment of principal of \$765,000 caused the 2014 change. Payment of principal of \$5,087,000 and new debt issuance of \$7,302,000 caused the 2013 change.

State statutes limit the amount of general obligation debt a school district may issue to 15% of the assessed valuation. The legal debt margin of \$22,845,814 at June 30, 2014 is an increase of \$675,461 over the June 30, 2013 debt margin of \$22,170,353, following an increase of \$844,656 from the limitation of \$21,325,697, as of June 30, 2012.

The District had obligations for compensated absences of \$418,029 and \$415,448 at June 30, 2014 and 2013, respectively.

Additional information on the District's long-term obligations can be found in Note 6 on pages 27-29 of the financial statements.

### ***Economic Factors and Next Year's Budget***

The District's administration is carefully watching developments unfolding within the Missouri legislature, the executive branch, and the judicial system. In the past, the state has had many budget cuts and the supporters of public education are seeking to protect the public school sector from even deeper funding cuts. The final effects cannot be known until the situation unfolds for the remainder of 2014-2015.

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

While this Management's Discussion & Analysis is designed to provide a general overview of the financial condition and operations of the District, citizens groups, taxpayers, parents, students, investors or creditors may want further details. To obtain such details, please contact Superintendent Mulford at the District administration offices, 305 Valley View Dr., West Plains, Missouri 65775.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Government-Wide Statements of Net Position  
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash	\$ 6,062,357	6,917,995
Investments	1,321,694	2,041,150
Receivables	1,586,993	759,478
Prepaid expenses	291,003	74,183
Inventories	40,013	286,257
Capital assets, net of accumulated depreciation	<u>18,916,272</u>	<u>18,698,551</u>
Total assets	<u>28,218,332</u>	<u>28,777,614</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>
Liabilities:		
Accounts payable	277,663	382,915
Accrued interest payable	41,427	40,226
Accrued payroll and related benefits	1,189,031	301,848
Compensated absences payable	418,029	415,448
Capital lease obligations payable:		
Due within one year	770,000	765,000
Due in more than one year	<u>5,615,000</u>	<u>6,385,000</u>
Total liabilities	<u>8,311,150</u>	<u>8,290,437</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>
Net Position:		
Invested in capital assets, net of related debt	12,531,272	11,548,551
Restricted for:		
Inventory	40,013	286,257
Debt service	-	122,031
Capital improvements	1,710,592	2,157,447
Unrestricted	<u>5,625,305</u>	<u>6,372,891</u>
Total net position	<u><u>\$ 19,907,182</u></u>	<u><u>20,487,177</u></u>

The accompanying notes are integral part of these financial statements.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Government-Wide Statements of Activities  
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General instruction	\$(12,831,041)	1,796,230	2,178,150	683,581	(8,173,080)
Vocational instruction	(1,008,399)	917,224	705,649	57,368	671,842
Student activities	(1,105,119)	817,098	-	-	(288,021)
Attendance and guidance	(677,707)	152,871	-	-	(524,836)
Health services	(178,894)	1,911	124,162	-	(52,821)
Improvement of instruction	(125,387)	71,849	-	-	(53,538)
Professional development	(125,368)	382	-	-	(124,986)
Media services	(253,812)	76,435	-	-	(177,377)
General administration	(1,858,903)	305,741	-	-	(1,553,162)
Building level administration	(1,451,328)	1,147	-	-	(1,450,181)
Operation of plant	(2,595,575)	343,959	-	-	(2,251,616)
Security services	(3,320)	-	-	-	(3,320)
Pupil transportation	(858,255)	-	143,711	-	(714,544)
Food services	(981,612)	217,442	765,209	-	1,039
Support services	(78,274)	-	-	-	(78,274)
Adult education	(900,838)	463,995	5,927	-	(430,916)
Community services	(192,965)	-	24,756	-	(168,209)
Interest and fees	(125,561)	1,146	-	-	(124,415)
<b>Total</b>	<b><u>\$(25,352,358)</u></b>	<b><u>5,167,430</u></b>	<b><u>3,947,564</u></b>	<b><u>740,949</u></b>	<b><u>(15,496,415)</u></b>
<b>General Revenues</b>					
					7,959,855
					6,817,277
					161,273
					100,046
					<u>15,038,451</u>
					<b>Change in Net Position</b>
					(457,964)
					<b>Transfer of West Plains Educational Fund (Note 1A)</b>
					(122,031)
					<b>Net Position, beginning of year</b>
					<u>20,487,177</u>
					<b>Net Position, end of year</b>
					<u><u>\$ 19,907,182</u></u>

The accompanying notes are an integral part of these financial statements.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Government-Wide Statements of Activities  
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General instruction	\$(12,221,977)	1,826,311	1,656,120	673,581	(8,065,965)
Vocational instruction	(1,112,896)	932,584	792,582	88,053	700,323
Student activities	(1,213,794)	817,641	-	52,500	(343,653)
Attendance and guidance	(695,356)	155,431	-	-	(539,925)
Health services	(174,187)	1,943	87,124	-	(85,120)
Improvement of instruction	(101,150)	73,052	-	-	(28,098)
Professional development	(143,702)	389	-	-	(143,313)
Media services	(233,226)	77,715	-	-	(155,511)
General administration	(1,122,456)	310,861	-	-	(811,595)
Building level administration	(1,456,789)	1,166	-	-	(1,455,623)
Operation of plant	(1,756,757)	349,719	-	-	(1,407,038)
Security services	(33,105)	-	-	-	(33,105)
Pupil transportation	(1,087,860)	-	138,234	-	(949,626)
Food services	(1,086,459)	261,253	880,300	-	55,094
Support services	(74,615)	-	-	-	(74,615)
Adult education	(906,446)	596,822	96,510	-	(213,114)
Community services	(262,598)	-	95,100	-	(167,498)
Interest and fees	(279,278)	1,165	-	-	(278,113)
Depreciation	(1,306,029)	-	-	-	(1,306,029)
<b>Total</b>	<b><u>\$(25,268,680)</u></b>	<b><u>5,406,052</u></b>	<b><u>3,745,970</u></b>	<b><u>814,134</u></b>	<b><u>(15,302,524)</u></b>
<b>General Revenues</b>					
					7,705,451
					6,930,071
					177,734
					267,891
					<u>15,081,147</u>
					<b>(221,377)</b>
					<u>20,708,554</u>
					<u>\$ 20,487,177</u>

The accompanying notes are an integral part of these financial statements.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Balance Sheets - Governmental Funds  
(Modified Accrual Basis)  
June 30, 2014

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	2014 Total
<b><u>Assets</u></b>					
Cash	\$ 5,499,807	(237,352)	-	799,902	6,062,357
Accounts receivable	312,174	237,352	-	1,037,467	1,586,993
Prepaid expenses	291,003	-	-	-	291,003
Inventories	40,013	-	-	-	40,013
	<u>\$ 6,142,997</u>	<u>-</u>	<u>-</u>	<u>1,837,369</u>	<u>7,980,366</u>
<b><u>Liabilities and Fund Equity</u></b>					
Liabilities:					
Accounts payable	\$ 150,886	-	-	126,777	277,663
Salaries, wages, amounts withheld from employees and employer's share of payroll taxes, retirement and insurance	1,189,031	-	-	-	1,189,031
Total Liabilities	<u>1,339,917</u>	<u>-</u>	<u>-</u>	<u>126,777</u>	<u>1,466,694</u>
Fund Equity:					
Fund Balances:					
Nonspendable for inventories	40,013	-	-	-	40,013
Nonspendable for prepaid expenses	291,003	-	-	-	291,003
Assigned for specific fund purposes	-	-	-	1,710,592	1,710,592
Unassigned fund balance	4,472,064	-	-	-	4,472,064
Total Fund Equity	<u>4,803,080</u>	<u>-</u>	<u>-</u>	<u>1,710,592</u>	<u>6,513,672</u>
	<u>\$ 6,142,997</u>	<u>-</u>	<u>-</u>	<u>1,837,369</u>	<u>7,980,366</u>

The accompanying notes are an integral part of these financial statements.



**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Balance Sheets - Governmental Funds  
 (Modified Accrual Basis)  
 June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	2013 Total
<b><u>Assets</u></b>					
Cash:					
Cash	\$ 5,036,081	339,659	-	1,542,255	6,917,995
Cash with fiscal agent	-	-	125,421	-	125,421
Accounts receivable	135,756	-	-	623,722	759,478
Prepaid expenses	72,433	-	-	1,750	74,183
Inventories	286,257	-	-	-	286,257
	<u>\$ 5,530,527</u>	<u>339,659</u>	<u>125,421</u>	<u>2,167,727</u>	<u>8,163,334</u>
<b><u>Liabilities and Fund Equity</u></b>					
Liabilities:					
Accounts payable	\$ 369,245	-	3,390	10,280	382,915
Salaries, wages, amounts withheld from employees and employer's share of payroll taxes, retirement and insurance	301,848	-	-	-	301,848
Total Liabilities	<u>671,093</u>	<u>-</u>	<u>3,390</u>	<u>10,280</u>	<u>684,763</u>
Fund Equity:					
Fund Balances:					
Nonspendable for inventories	286,257	-	-	-	286,257
Nonspendable for prepaid expenses	72,433	-	-	1,750	74,183
Assigned for specific fund purposes	-	339,659	122,031	2,155,697	2,617,387
Unassigned fund balance	4,500,744	-	-	-	4,500,744
Total Fund Equity	<u>4,859,434</u>	<u>339,659</u>	<u>122,031</u>	<u>2,157,447</u>	<u>7,478,571</u>
	<u>\$ 5,530,527</u>	<u>339,659</u>	<u>125,421</u>	<u>2,167,727</u>	<u>8,163,334</u>

The accompanying notes are an integral part of these financial statements.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Reconciliations of the Balance Sheets - Governmental Funds  
to the Government-Wide Statements of Net Position  
June 30, 2014 and 2013

	2014	2013
Amounts reported for governmental activities in the statement of net position are different due to the following:		
Total fund balances - Total Governmental Funds	\$ 6,513,672	7,478,571
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	18,916,272	18,698,551
Certain liabilities for compensated absences are recognized as liabilities in the governmental funds only when the amounts are normally expected to be liquidated with expendable available financial resources.	(418,029)	(415,448)
Capital leases payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
Cash held by fiscal agent	1,321,694	1,915,729
Capital lease obligations payable	(6,385,000)	(7,150,000)
Accrued interest on leases	(41,427)	(40,226)
Total net position - Government-Wide Statement of Net Position	\$ 19,907,182	20,487,177

The accompanying notes are an integral part of these financial statements.

**WEST PLAINS R-VII SCHOOL DISTRICT**

Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds  
(Modified Accrual Basis)  
Years Ended June 30, 2014

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	2014 Total
<b>Revenues:</b>					
Local	\$ 8,540,333	690,437	-	10,000	9,240,770
County	220,176	102,193	-	-	322,369
State	2,210,653	5,672,856	-	730,949	8,614,458
Federal	1,775,521	1,076,805	-	-	2,852,326
Tuition from other districts	3,826,016	-	-	-	3,826,016
Other	-	-	-	38,304	38,304
<b>Total Revenues</b>	<b>16,572,699</b>	<b>7,542,291</b>	<b>-</b>	<b>779,253</b>	<b>24,894,243</b>
<b>Expenditures:</b>					
General instruction	2,435,780	10,087,549	-	-	12,523,329
Vocational instruction	114,601	893,798	-	82,420	1,090,819
Student activities	726,810	298,761	-	-	1,025,571
Attendance and guidance	110,235	567,472	-	-	677,707
Health services	178,894	-	-	-	178,894
Improvement of instruction	50,420	74,967	-	-	125,387
Professional development	56,981	68,387	-	-	125,368
Media services	93,898	159,914	-	-	253,812
General administration	1,386,269	465,865	-	133,326	1,985,460
Building level administration	447,492	1,003,836	-	6,150	1,457,478
Operation of plant	1,710,211	417	-	13,553	1,724,181
Security services	3,320	-	-	-	3,320
Pupil transportation	830,896	-	-	-	830,896
Food services	951,795	-	-	27,914	979,709
Support services	76,467	1,807	-	-	78,274
Facilities acquisition and construction	-	-	-	693,743	693,743
Adult education	279,680	621,158	-	-	900,838
Community services	136,835	56,130	-	-	192,965
Capital lease payments:					
Principal	-	-	-	765,000	765,000
Interest and fees	-	-	-	124,360	124,360
<b>Total Expenditures</b>	<b>9,590,584</b>	<b>14,300,061</b>	<b>-</b>	<b>1,846,466</b>	<b>25,737,111</b>
Revenues over (under) expenditures	6,982,115	(6,757,770)	-	(1,067,213)	(842,868)
Other financing sources (uses): Transfers	(7,038,469)	6,418,111	(122,031)	620,358	(122,031)
Fund balances, beginning of year	4,859,434	339,659	122,031	2,157,447	7,478,571
Fund balances, end of year	\$ 4,803,080	-	-	1,710,592	6,513,672

The accompanying notes are an integral part of these financial statements.

**WEST PLAINS R-VII SCHOOL DISTRICT**

Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds  
(Modified Accrual Basis)  
Years Ended June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	2013 Total
<b>Revenues:</b>					
Local	\$ 8,692,882	680,272	42,526	52,500	9,468,180
County	228,393	122,387	-	-	350,780
State	2,328,863	5,711,502	-	761,634	8,801,999
Federal	1,769,683	770,894	-	-	2,540,577
Tuition from other districts	3,808,811	-	-	-	3,808,811
Other	76,956	-	1,055,000	-	1,131,956
<b>Total Revenues</b>	<b>16,905,588</b>	<b>7,285,055</b>	<b>1,097,526</b>	<b>814,134</b>	<b>26,102,303</b>
<b>Expenditures:</b>					
General instruction	2,327,773	9,932,675	-	122,511	12,382,959
Vocational instruction	142,657	970,238	-	118,907	1,231,802
Student activities	929,067	284,728	-	-	1,213,795
Attendance and guidance	110,973	584,383	-	-	695,356
Health services	174,187	-	-	-	174,187
Improvement of instruction	33,711	67,439	-	-	101,150
Professional development	89,627	54,075	-	-	143,702
Media services	95,616	137,609	-	3,015	236,240
General administration	759,281	363,174	-	24,957	1,147,412
Building level administration	429,224	1,027,565	-	765	1,457,554
Operation of plant	1,756,757	-	-	8,145	1,764,902
Security services	33,105	-	-	-	33,105
Pupil transportation	1,040,935	46,926	-	1,815	1,089,676
Food services	1,086,460	-	-	68,506	1,154,966
Support services	74,615	-	-	-	74,615
Facilities acquisition and construction	-	-	-	761,949	761,949
Adult education	333,190	573,256	-	30,618	937,064
Community services	130,853	131,745	-	-	262,598
Capital lease payments:					
Principal	-	-	1,055,000	647,000	1,702,000
Interest and fees	-	-	-	162,646	162,646
<b>Total Expenditures</b>	<b>9,548,031</b>	<b>14,173,813</b>	<b>1,055,000</b>	<b>1,950,834</b>	<b>26,727,678</b>
Revenues over (under) expenditures	7,357,557	(6,888,758)	42,526	(1,136,700)	(625,375)
Other financing sources (uses): Transfers	(7,673,811)	6,927,269	(944,148)	1,690,690	-
Fund balances, beginning of year	5,175,688	301,148	1,023,653	1,603,457	8,103,946
Fund balances, end of year	\$ 4,859,434	339,659	122,031	2,157,447	7,478,571

The accompanying notes are an integral part of these financial statements.

**WEST PLAINS R-VII SCHOOL DISTRICT**

Reconciliations of the Statement of Revenues, Expenditures and Changes in Fund  
Balances - Governmental Funds to the Government-Wide Statements of Activities  
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Net change in fund balances - Total Governmental Funds	\$ (842,868)	(625,375)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Depreciation expense	(1,333,571)	(1,306,029)
Capital outlays	1,551,292	1,824,984
Capital items purchased with proceeds of debt refinancings are not included in the governmental funds expenditures, but are capitalized in government-wide financial statements.	(594,186)	(683,796)
Repayment of capital lease principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	765,000	1,702,000
New debt is recorded as revenue in the governmental fund statements, but is recorded as debt on the government-wide statement of net position.	-	(1,055,000)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds, when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(1,201)	(7,233)
Fees for the issuance of the 2013 and 2012 series lease certificates are not recorded as an expenditure in the governmental funds, but are expenses in the District's government-wide statement of activities.	-	(109,399)
Income from the 2013 and 2012 series lease certificates.	151	-
Liabilities for compensated absences are recognized as expenditures in the governmental funds when the amounts are liquidated with expendable available financial resources. They are, however, reported as expenses in the statement of activities when the liability is incurred.	<u>(2,581)</u>	<u>38,471</u>
Change in net position - Government-Wide Statement of Activities	<u>\$ (457,964)</u>	<u>(221,377)</u>

The accompanying notes are an integral part of these financial statements.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Statements of Fiduciary Net Position  
 Fiduciary Funds  
 (Cash Basis)  
 June 30, 2014 and 2013

	Flexible Spending Fund		Financial Aid Fund	
	2014	2013	2014	2013
<b><u>Assets</u></b>				
Cash	\$ 5,476	5,476	-	-
<b><u>Net Position</u></b>				
Held in trust for Flexible Spending Fund	\$ 5,476	5,476	-	-

The accompanying notes are an integral part of these financial statements.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
**Statements of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**(Cash Basis)**  
**Years Ended June 30, 2014 and 2013**

	Flexible Spending Fund		Financial Aid Fund	
	2014	2013	2014	2013
<b><u>Additions</u></b>				
Grants received	\$ -	-	663,387	821,591
Participant contributions	-	-	-	-
Interest received	-	-	-	-
Total additions	-	-	663,387	821,591
<b><u>Deductions</u></b>				
Grants disbursed	-	-	663,387	821,591
Benefits to participants	-	4,461	-	-
Total deductions	-	4,461	663,387	821,591
Change in net position	-	(4,461)	-	-
Net position, beginning of year	5,476	9,937	-	-
Net position, end of year	<u>\$ 5,476</u>	<u>5,476</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

## WEST PLAINS R-VII SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014 and 2013

### Note 1: Summary of Significant Accounting Policies

#### A. Principles Used to Determine Reporting Entity

The District's reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the District's reporting entity.

Included in the reporting entity:

The West Plains Education Foundation was incorporated as a not-for-profit organization whose stated purpose is to operate exclusively for the benefit of West Plains R-VII School District. Although the District was not legally responsible for the debt of this entity, its principal source of revenue was lease payments from the District. During 2013 and prior, this entity's transactions were reported as the Debt Service Fund of the Governmental Fund Financial Statements. During 2014, due to the extinguishment of the Capital Lease obligations, this entity was removed from the District's financial statements.

#### B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements** - The statement of net position and the statement of activities display information about the District as a whole. These statements include the nonfiduciary financial activities of the District. These statements report those activities of the District that are governmental (i.e. generally supported by taxes and intergovernmental revenues). Fiduciary funds are not included in the government-wide financial statements.

The statement of net position presents the financial position of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities and the remaining revenues that are not directly associated with specific programs. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program and grants and contributions (including related investment earnings) that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District. 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.

**Fund Financial Statements** - The District maintains fund accounting in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. Separate financial statements are provided for governmental funds and fiduciary funds. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary funds are reported in individual columns by type of activity.



**WEST PLAINS R-VII SCHOOL DISTRICT**  
Notes to Financial Statements (continued)  
June 30, 2014 and 2013

**Note 1: Summary of Significant Accounting Policies (continued)**

**Governmental Funds** - Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they are used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

**General Fund** - Accounts for general activities of the District not accounted for in other specific funds.

**Special Revenue Fund** - Accounts for expenditures for certificated employees involved in administration and instruction. It includes revenues restricted by the State and the local tax levy for the payment of salaries and certain benefits.

**Debt Service Fund** - Accounts for the accumulation of resources for, and the payment of, principal, interest and fiscal charges on long-term debt. During 2013 and prior, this fund encompassed the assets, liabilities and activities of the West Plains Education Foundation.

**Capital Projects Fund** - Accounts for the proceeds of long-term debt, taxes and other revenues designated for acquisition or construction of major capital assets and other capital outlay purchases required by law or the State of Missouri Department of Elementary and Secondary Education ("DESE") regulations to be reported in the Capital Projects Fund.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net position and changes in net position. The District's fiduciary funds account for assets held by the District in a Trustee capacity.

**C. Basis of Accounting/Measurement Focus**

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles.

The measurement focus establishes the basis of accounting. The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, the presentation of expenses versus expenditures, the recording of capital assets, the recognition of depreciation and the recording of long-term liabilities. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are prepared using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Property taxes, state and federal grants and interest associated with the current fiscal period are all considered to be susceptible to accrual. Fiduciary fund transactions are reported using the current financial resources measurement focus and the cash basis of accounting.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Notes to Financial Statements (continued)  
June 30, 2014 and 2013

**Note 1: Summary of Significant Accounting Policies (continued)**

Expenditures are recorded when the liability is incurred, except for compensated absences and interest on long-term debt which are recorded when normally expected to be liquidated with expendable available financial resources. Proceeds from issuance of long-term debt are recognized when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation are not recognized. Capital lease transactions with the Missouri Association of Rural Education (MARE) are not recognized.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenues from property taxes are recognized in the period for which the taxes are levied. Revenues from grants, entitlements and donations are recognized when all eligibility requirements imposed by the provider have been satisfied. Eligibility requirements include timing requirements (which specify the year the resources are required to be used or the year when use is first permitted), matching requirements and expenditure requirements when the resources are provided to the District on a reimbursement basis. Under the modified accrual basis of accounting, revenue from nonexchange transactions must also be available before it can be recognized.

**D. Budgets and Budgetary Accounting**

The District follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- 2) The Assistant Superintendent of Finance, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on 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) The budget is legally enacted by a vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budgetary comparison schedules included in the financial statements. Budgeted amounts are presented both as originally adopted and as finally amended by the Board of Education. Expenditures of a particular fund may not legally exceed the budgeted expenditures for that fund.
- 6) Budgets for District funds are prepared and adopted on the modified accrual basis (budget basis), recognizing revenues when susceptible to accrual and expenditures when incurred. The actual results of operations presented in the budgetary comparison schedules are presented in accordance with the budget basis to provide a meaningful comparison of actual results with the budget.

**E. Cash and Temporary Investments**

Cash resources of the individual funds, except the debt service fund, are combined to form a pool of cash and temporary investments which is managed by the District treasurer. Investments of the pooled accounts may consist primarily of certificates of deposit and U.S. Government securities, carried at cost, which approximates market. Interest income is allocated to contributing funds based on cash and temporary investment balances. The debt service fund is statutorily required to maintain its cash and investments in separate accounts.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Notes to Financial Statements (continued)  
June 30, 2014 and 2013

**Note 1: Summary of Significant Accounting Policies (continued)**

F. Property Taxes and Other Receivables

Property tax revenue is recognized in the fiscal year for which the taxes have been levied and become available. Property tax revenues are considered available when they become due or past due and receivable within the current period and collected within the current period or expected to be collected within sixty days after year end.

Federal and state grant aid is reported as revenue when the reimbursable expenditures are incurred.

G. Inventories

Inventories are valued at cost and consist of carpentry program lots, houses, and food supplies. The cost is recorded as an expenditure at the time the inventory is purchased. Reported inventories are equally offset by a fund balance designation which indicates they are unavailable for appropriation.

H. Capital Assets

In the Government-Wide financial statements capital assets are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated assets are recorded at their estimated fair value as of the date received. Land is not depreciated, and other capital assets are depreciated over their useful lives of 5 to 40 years, using the straight-line method.

I. Vacation and Sick Leave

Certificated and non-certificated employees earn vacation days after completing a full year of service. Accumulated unpaid vacation, which was earned in the current and prior fiscal years but unused at the end of the current fiscal year is accrued and amounted to \$78,458 and \$72,036 at June 30, 2014 and 2013, respectively. Non-certificated employees who work less than 12 calendar months per year do not earn vacation days.

Certificated and non-certificated employees receive ten sick days annually and the unused portion is accumulated and carried forward. Sick leave is accrued at year end, and upon termination, employees receive any accumulated sick leave pay. Accrued sick leave amounted to \$334,450 and \$343,412 at June 30, 2014 and 2013, respectively.

J. Interfund Transfers

Annually, the District makes transfers between funds to cover disbursements and build fund balances as allowed by DESE and state law. Included in 2014 transfers is the elimination of the West Plains Education Foundation's net assets from the District's financial statements.

K. Subsequent Events

Subsequent events have been evaluated through September 29, 2014, which is the audit report date.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Notes to Financial Statements (continued)  
June 30, 2014 and 2013

**Note 1: Summary of Significant Accounting Policies (continued)**

L. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-spendable Fund Balance consists of funds that cannot be spent due to their form (e.g., inventories and prepaid) or that legally or contractually must be maintained intact.

Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision making authority. Formal action by the Board to commit funds be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in the category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

**Note 2: Cash and Investments**

The District complies with various restrictions on deposits and investments which are imposed by state statutes as follows:

Deposits - All deposits with financial institutions must be collateralized in an amount at least equal to uninsured deposits.

Investments - The District may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than five years from the date of purchase, (2) repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law, (3) bankers' acceptances, and (4) commercial paper. Investments are reported at fair market value, as determined by quoted market prices as of June 30, 2014 and 2013, respectively.

At June 30, 2014, the District had cash balances at banks of \$8,012,739 which were insufficiently covered by federal depository insurance and by collateral held at the District's safekeeping bank agents, in the District's name.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Notes to Financial Statements (continued)  
June 30, 2014 and 2013

**Note 2: Cash and Investments (continued)**

The District had the following escrowed cash and investments held by fiscal agents at June 30, 2014 and 2013:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Maturity Less than 1 Year</u>	<u>Maturity 1-5 Years</u>
June 30, 2014:			
External investment pools:			
Federated Government Obligation Fund held at UMB Bank, N.A.	\$ 1,321,694	1,321,694	-
	<u>\$ 1,321,694</u>	<u>1,321,694</u>	<u>-</u>
June 30, 2013:			
External investment pools:			
Federated Government Obligation Fund held at UMB Bank, N.A.	\$ 1,915,729	1,915,729	-
Community Foundation of the Ozarks investment pool	125,421	125,421	-
	<u>\$ 2,041,150</u>	<u>2,041,150</u>	<u>-</u>

**Interest Rate Risk:** The District's investment policy structures its portfolio so that certificates of deposit and other investments mature to meet cash requirements for operations to avoid redeeming investments at a pre-maturity or open market loss. Consequently, the District invests its operating funds in short-term securities.

**Credit Risk:** The District reduces its credit risk due to the failure of the security issuer or backer by pre-qualifying the financial institutions and intermediaries with which the District will do business and by diversifying the portfolio so that potential loss will be minimized. The District obtains adequate collateralization as to bank depositories and investing in external investment pools that comply with Missouri state law. At June 20, 2014, the Federated Government Obligation Fund #703 is rated AAAM by Standard and Poor's.

**Custodial Credit Risk:** To minimize custodial credit risk, the District requires investments be perfected in the name of or for the District and if necessary, held by third-party custodians with appropriate safekeeping receipts.

**Concentration of Credit Risk:** The District's investment policy mandates diversification of the investment portfolio to avoid concentration of assets in specific maturity, specific issuer or specific class of securities. To avoid concentration, the District restricts its investments to short-term bank depositories and external investment pools which manage their investment portfolios in accordance with Missouri state law and state Treasurer guidelines for Missouri school districts.

**Note 3: Taxes**

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

The assessed valuation of the taxable property for the calendar years 2014 and 2013 for purposes of local taxation was \$152,305,427 and \$147,802,350, respectively.

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

	2014		2013	
	Unadjusted	Adjusted	Unadjusted	Adjusted
General Fund	\$ 3.6471	3.6471	3.6408	3.6408

The receipts of current and delinquent property taxes during the fiscal years ended June 30, 2014 and 2013, aggregated approximately 97.8% and 98.2%, respectively, of the current assessment computed on the basis of the levy as shown above.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Notes to Financial Statements (continued)  
June 30, 2014 and 2013

**Note 4: Contingencies**

From time to time, the District is a defendant in various lawsuits and/or arbitration claims. Although the outcome of such cases of action are not presently determinable, in the opinion of the District's management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

**Note 5: Capital Assets and Accumulated Depreciation**

A summary of changes in capital assets for the years ended June 30, 2013 and 2014 follows:

	Balances			Balances			Balances
	June 30, 2012	Additions	Disposals	June 30, 2013	Additions	Disposals	June 30, 2014
Land	\$ 672,383	-	-	672,383	-	-	672,383
Buildings	26,666,026	1,432,072	-	28,098,098	1,256,151	-	29,354,249
Furniture, Vehicles & Equipment	11,389,994	392,912	-	11,782,906	295,141	-	12,078,047
<b>Total</b>	<b>\$ 38,728,403</b>	<b>1,824,984</b>	<b>-</b>	<b>40,553,387</b>	<b>1,551,292</b>	<b>-</b>	<b>42,104,679</b>

A summary of changes in accumulated depreciation for the years ended June 30, 2013 and 2014 follows:

	Balances	Depreciation		Balances	Depreciation		Balances
	June 30, 2012	Expense	Disposals	June 30, 2013	Expense	Disposals	June 30, 2014
Buildings	\$ 11,059,142	785,825	-	11,844,967	845,274	-	12,690,241
Furniture, Vehicles & Equipment	9,489,665	520,204	-	10,009,869	488,297	-	10,498,166
<b>Total</b>	<b>\$ 20,548,807</b>	<b>1,306,029</b>	<b>-</b>	<b>21,854,836</b>	<b>1,333,571</b>	<b>-</b>	<b>23,188,407</b>

A summary of the allocation of depreciation for the years ended June 30, 2014 and 2013 follows:

	2014	2013
General instruction	\$ 305,131	-
Student activities	79,548	-
General administration	6,769	-
Operation of plant	884,947	-
Pupil transportation	27,359	-
Food service	29,817	-
Depreciation	-	1,306,029
<b>Total</b>	<b>\$ 1,333,571</b>	<b>1,306,029</b>

**Note 6: Long-term Debt**

**Capital Leases**

During 2005, the District entered into a lease purchase guaranteed performance contract totaling \$5,120,000 with TRANE due over 15 years at varying rates of interest from 3.95% to 4.2%. These funds were used to upgrade school facilities with energy efficient equipment and improvements. These lease certificates were refinanced in 2011 with the issuance of the Series 2010A lease certificates. The Series 2010A lease certificates bore interest at 2.8% to 3.75%. In 2013 these lease certificates were paid in full with part of the proceeds of the Series 2013 lease certificates.

During 2010, the District entered into a lease purchase agreement for the purchase of land and building to be used by the Career Center. These lease certificates (Series 2010B) totaled \$1,555,000, were due in varying annual installments through April 2017. These lease certificates bore interest at varying rates between 1.25% and 3.0% per annum. In 2013 these lease certificates were paid in full with part of the proceeds of the Series 2013 lease certificates.

During July 2012, the District used the Series 2012 lease certificates in the principal amount of \$1,522,000 to provide funds for the remodeling and improvement of the career center. These lease certificates are payable in varying amounts through 2022 and bear interest at varying rates from 1.07% to 3.07%.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Notes to Financial Statements (continued)  
June 30, 2014 and 2013

**Note 6: Long-term Debt**

**Capital Leases**

During 2013, the District issued the Series 2013 lease refunding certificates in the principal amount of \$5,780,000. The proceeds of these certificates were used to retire the Series 2010A and Series 2010B lease certificates, fund additional capital improvements and pay \$109,399 of costs of issuing the refunding certificates. These lease certificates are payable in varying amounts through 2022 and bear interest varying from 0.57% to 2.6%.

These leases qualify as capital leases for accounting purposes and therefore have been recorded at the present value of the future minimum lease payments as of the date of their inception. The improvements associated with these projects have been capitalized as capital assets, and unexpended funds of \$1,321,694 are held in escrow at UMB Bank, N.A. as of June 30, 2014.

Transactions related to these leases for the years ended June 30, 2014 and 2013 are as follows:

	Series 2010A	Series 2010B	Series 2012	Series 2013	Total
Capital leases payable, July 1, 2012	\$ 3,630,000	1,305,000	-	-	4,935,000
New borrowings	-	-	1,522,000	5,780,000	7,302,000
Principal payments	(3,630,000)	(1,305,000)	(152,000)	-	(5,087,000)
Capital leases payable, June 30, 2013	-	-	1,370,000	5,780,000	7,150,000
Principal payments	-	-	(140,000)	(625,000)	(765,000)
Capital leases payable, June 30, 2014	\$ -	-	1,230,000	5,155,000	6,385,000

**Subsequent Event: Issuance of New Lease Certificates**

On July 8, 2014, the District issued the Series 2014 school bus lease refunding certificates in the principal amount of \$631,232. The proceeds of these certificates were used to purchase 9 school buses for use by the District and pay \$2,800 of costs of issuing the refunding certificates. These lease certificates are payable in varying amounts through 2024 and bear interest at 2.15%.

On July 16, 2014, the District issued the Series 2014 lease refunding certificates in the principal amount of \$825,000. The proceeds of these certificates will be used to fund additional capital improvements and pay \$25,000 of costs of issuing the refunding certificates. These lease certificates are payable in varying amounts through 2024 and bear interest at 3.25%.

The following is a summary of all future lease payments under the leases (including the series 2014 school bus and lease refunding certificates):

Year Ending June 30	
2015	\$ 969,102
2016	1,036,344
2017	1,035,336
2018	1,032,206
2019	1,036,878
2020-2024	<u>3,663,072</u>
Total Lease Payments	8,772,938
Less Amounts Representing Interest	<u>(931,706)</u>
Net Lease Payments	<u>\$ 7,841,232</u>

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Notes to Financial Statements (continued)  
June 30, 2014 and 2013

**Note 6: Long-term Debt (continued)**

**General Obligation Bonds**

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

Constitutional debt limit	\$ 22,845,814
General obligation bonds payable	-
Amount in Debt Service Fund available for payment of bond principal - balance sheet	-
Legal debt margin	\$ 22,845,814

At June 30, 2014, the District was in compliance with the above article of the Constitution of Missouri.

**Note 7: Pension Plans**

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

PSRS members were required to contribute 14.5%, 14.5%, and 14.5% of their annual covered salary in 2014, 2013, and 2012, respectively, and the District was required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The School District's contributions to PSRS for the years ending June 30, 2014, 2013, and 2012 were \$1,717,990, \$1,730,997, and \$1,728,903 respectively, which were equal to the required contributions.

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

PEERS members were required to contribute 6.86%, 6.86%, and 6.86% of their annual covered salaries in 2014, 2013, and 2012, respectively, and the District was required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the Board of Trustees. The School District's contributions to PEERS for the years ending June 30, 2014, 2013, and 2012 were \$261,844, \$270,468 and \$272,036, respectively, which were equal to the required contributions.



**WEST PLAINS R-VII SCHOOL DISTRICT**  
Notes to Financial Statements (continued)  
June 30, 2014 and 2013

**Note 8: Risk Management**

The District is exposed to various risks of loss from tort; theft of, damage to and destruction of assets; business interruption; error and omissions; natural disasters; employee injuries and illnesses; and employee health, dental and accident benefits. The District has transferred its risk by obtaining coverage with commercial insurance companies. There has been no significant reduction in insurance coverage from the prior year.

**Note 9: Healthcare and Other Postemployment Benefits**

**Plan Description.** West Plains R-VII School District provided its Healthcare Plan annually through its participation in a defined benefit health care plan, which included available health care coverage for the District's retired employees, if so elected. The Plan provides health care coverage for certain persons (and their dependents) who are currently employed or retired within the District. Current employee premiums are funded via a combination of payroll contributions from such employees and District contributions. Retiree premiums are funded solely via retiree contributions.

**Funding Policy.** Contribution requirements under the pay-as-you-go plans were actuarially determined each fiscal year ended June 30 by independent health care insurance providers chosen by the District during a formal bidding process. Monthly contribution rates vary depending upon coverage elected for employees, retirees and/or their dependents.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Insurance provider	Coventry	Coventry	Mercy HealthCare
<b><u>Employee coverage</u></b>			
Monthly healthcare contribution rates ranged as follows:	\$42 to \$932	\$39 to \$895	\$39 to \$895
Healthcare costs for current employees and dependents is summarized as follows:			
Employee paid contributions	\$ 329,264	392,420	303,399
District paid contributions	1,482,159	1,493,475	1,578,416
Total employee healthcare costs	<u>\$ 1,811,423</u>	<u>1,885,895</u>	<u>1,881,815</u>
<b><u>Retiree coverage</u></b>			
Number of retirees electing coverage	<u>72</u>	<u>68</u>	<u>68</u>
Monthly healthcare contribution rates ranged as follows:	\$366 to \$1,299	\$352 to \$1,247	\$352 to \$1,247
Healthcare costs for retired employees and dependents is summarized as follows:			
Retired employee paid contributions	\$ 364,868	379,352	395,702
District paid contributions	-	-	-
Total retiree healthcare costs	<u>\$ 364,868</u>	<u>379,352</u>	<u>395,702</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Final Budget to Actual
<b>Revenues:</b>				
Local	\$ 8,172,651	8,540,333	8,540,333	-
County	195,000	220,176	220,176	-
State	2,181,008	2,210,653	2,210,653	-
Federal	1,750,749	1,775,521	1,775,521	-
Tuition from other districts	3,981,021	3,826,016	3,826,016	-
Total Revenues	<u>16,280,429</u>	<u>16,572,699</u>	<u>16,572,699</u>	<u>-</u>
<b>Expenditures:</b>				
General instruction	2,685,392	2,435,780	2,435,780	-
Vocational instruction	158,720	114,601	114,601	-
Student activities	627,727	726,810	726,810	-
Attendance and guidance	108,076	110,235	110,235	-
Health services	177,993	178,894	178,894	-
Improvement of instruction	100,900	50,420	50,420	-
Professional development	66,700	56,981	56,981	-
Media services	102,651	93,898	93,898	-
General administration	1,426,078	1,386,269	1,386,269	-
Building level administration	424,456	447,492	447,492	-
Operation of plant	1,749,166	1,710,211	1,710,211	-
Security services	95,100	3,320	3,320	-
Pupil transportation	844,285	830,896	830,896	-
Food services	1,107,855	951,795	951,795	-
Support services	77,319	76,467	76,467	-
Adult education	590	279,680	279,680	-
Community services	105,054	136,835	136,835	-
Total Expenditures	<u>9,858,062</u>	<u>9,590,584</u>	<u>9,590,584</u>	<u>-</u>
Revenues over expenditures	6,422,367	6,982,115	6,982,115	-
<b>Other financing (uses):</b>				
Transfers	(6,960,354)	(7,038,469)	(7,038,469)	-
Fund balances, beginning of year	4,859,434	4,859,434	4,859,434	-
Fund balances, end of year	<u>\$ 4,321,447</u>	<u>4,803,080</u>	<u>4,803,080</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Final Budget to Actual
<b>Revenues:</b>				
Local	\$ 680,302	690,437	690,437	-
County	115,000	102,193	102,193	-
State	5,160,770	5,672,856	5,672,856	-
Federal	881,882	1,076,805	1,076,805	-
Total Revenues	<u>6,837,954</u>	<u>7,542,291</u>	<u>7,542,291</u>	<u>-</u>
<b>Expenditures:</b>				
General instruction	10,224,049	10,087,549	10,087,549	-
Vocational instruction	855,969	893,798	893,798	-
Student activities	292,717	298,761	298,761	-
Attendance and guidance	519,695	567,472	567,472	-
Improvement of instruction	69,387	74,967	74,967	-
Professional development	67,060	68,387	68,387	-
Media services	140,643	159,914	159,914	-
General administration	425,240	465,865	465,865	-
Building level administration	987,261	1,003,836	1,003,836	-
Operation of plant	-	417	417	-
Support services	-	1,807	1,807	-
Adult education	499,707	621,158	621,158	-
Community services	56,239	56,130	56,130	-
Total Expenditures	<u>14,137,967</u>	<u>14,300,061</u>	<u>14,300,061</u>	<u>-</u>
Expenditures over revenues	(7,300,013)	(6,757,770)	(6,757,770)	-
<b>Other financing sources:</b>				
Transfers	6,960,354	6,418,111	6,418,111	-
Fund balances, beginning of year	<u>339,659</u>	<u>339,659</u>	<u>339,659</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Final Budget to Actual
Revenues:				
Local	\$ -	-	-	-
Other	-	-	-	-
Total Revenues	-	-	-	-
Expenditures:				
Facilities acquisition and construction	-	-	-	-
Capital lease payments:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	-	-	-	-
Revenues over expenditures	-	-	-	-
Other financing sources:				
Transfer to West Plains Education Foundation	(122,031)	(122,031)	(122,031)	-
Fund balances, beginning of year	122,031	122,031	122,031	-
Fund balances, end of year	\$ -	-	-	-

The accompanying notes are an integral part of these financial statements.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Capital Projects Fund  
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Final Budget to Actual
<b>Revenues:</b>				
Local	\$ 25,000	10,000	10,000	-
State	909,271	730,949	730,949	-
Federal	29,591	-	-	-
Other	-	38,304	38,304	-
Total Revenues	<u>963,862</u>	<u>779,253</u>	<u>779,253</u>	<u>-</u>
<b>Expenditures:</b>				
General instruction	20,700	-	-	-
Vocational instruction	138,990	82,420	82,420	-
Health services	1,500	-	-	-
Media services	3,750	-	-	-
General administration	169,000	133,326	133,326	-
Building level administration	30,900	6,150	6,150	-
Operation of plant	27,500	13,553	13,553	-
Pupil transportation	7,200	-	-	-
Food services	21,500	27,914	27,914	-
Facilities acquisition and construction	239,500	693,743	693,743	-
Adult education	8,000	-	-	-
Community services	1,000	-	-	-
Capital lease payments:				
Principal	765,000	765,000	765,000	-
Interest and fees	137,725	124,360	124,360	-
Total Expenditures	<u>1,572,265</u>	<u>1,846,466</u>	<u>1,846,466</u>	<u>-</u>
Expenditures over revenues	(1,136,700)	(1,067,213)	(1,067,213)	-
<b>Other financing sources:</b>				
Transfers	-	620,358	620,358	-
Fund balances, beginning of year	<u>2,157,447</u>	<u>2,157,447</u>	<u>2,157,447</u>	<u>-</u>
Fund balances, end of year	<u><u>1,020,747</u></u>	<u><u>1,710,592</u></u>	<u><u>1,710,592</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

**OTHER SUPPLEMENTARY INFORMATION**

**WEST PLAINS R-VII SCHOOL DISTRICT**

Schedules of Revenues by Source

Years Ended June 30, 2014 and 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	2014 Totals	2013 Totals
<b>Local:</b>						
Property tax	\$ 5,431,373	-	-	-	5,431,373	5,284,550
Sales tax	1,150,170	690,102	-	-	1,840,272	1,722,262
Financial institution tax	63,025	-	-	-	63,025	54,893
Intangible tax	302,816	-	-	-	302,816	292,966
Tuition - post secondary	463,995	-	-	-	463,995	596,822
Earnings on investments	160,938	335	-	-	161,273	177,734
Food services	217,442	-	-	-	217,442	261,254
Student activities	664,227	-	-	-	664,227	662,210
Community services	24,756	-	-	-	24,756	95,100
Other	61,591	-	-	10,000	71,591	277,863
<b>Total Local</b>	<b>8,540,333</b>	<b>690,437</b>	<b>-</b>	<b>10,000</b>	<b>9,240,770</b>	<b>9,425,654</b>
<b>County:</b>						
Fines and escheats	-	102,193	-	-	102,193	122,387
State assessed utility taxes	220,176	-	-	-	220,176	228,393
<b>Total County</b>	<b>220,176</b>	<b>102,193</b>	<b>-</b>	<b>-</b>	<b>322,369</b>	<b>350,780</b>
<b>State:</b>						
Basic formula	1,654,139	4,962,448	-	-	6,616,587	6,768,010
Transportation	143,711	-	-	-	143,711	138,234
Classroom trust fund	-	111,302	-	673,581	784,883	712,092
Vocational/technical	-	20,000	-	-	20,000	20,000
Educational screening	905	-	-	-	905	4,205
Vocational/at risk	30,943	509,295	-	-	540,238	508,063
Food services	8,341	-	-	-	8,341	8,177
Voc/tech education enhancement grant	3,736	-	-	57,368	61,104	95,977
Early childhood special ed.	239,057	42,186	-	-	281,243	325,064
Adult education	-	-	-	-	-	15,742
A+ school grant	33,440	-	-	-	33,440	42,245
High need fund	90,066	-	-	-	90,066	109,855
Preschool project	-	27,625	-	-	27,625	41,438
Other	6,315	-	-	-	6,315	12,897
<b>Total State</b>	<b>\$ 2,210,653</b>	<b>5,672,856</b>	<b>-</b>	<b>730,949</b>	<b>8,614,458</b>	<b>8,801,999</b>

NOTE: The above schedules are reported revenues by source per Annual Secretary of the Board Report (ASBR).



**WEST PLAINS R-VII SCHOOL DISTRICT**  
Schedules of Revenues by Source (continued)  
Years Ended June 30, 2014 and 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	2014 Totals	2013 Totals
Federal:						
Categorical Aid:						
State Administered:						
ESEA, Title I	465,406	564,668	-	-	1,030,074	561,863
IDEA, Part B	177,177	255,378	-	-	432,555	470,550
Vocational education act	115,518	18,812	-	-	134,330	152,608
Food services	756,868	-	-	-	756,868	872,123
Adult education and literacy	-	5,927	-	-	5,927	80,768
IDEA grants	6,181	-	-	-	6,181	7,115
Workforce investment act	-	-	-	-	-	94,096
ESEA, Title II, Part A	27,346	133,731	-	-	161,077	112,689
Early childhood special ed.	31,874	61,874	-	-	93,748	51,943
Medicaid	124,162	-	-	-	124,162	87,124
Vocational rehabilitation	3,095	-	-	-	3,095	9,890
Title VI-Rural education initiative	-	36,415	-	-	36,415	39,249
Other	67,894	-	-	-	67,894	559
Total Federal	<u>1,775,521</u>	<u>1,076,805</u>	<u>-</u>	<u>-</u>	<u>2,852,326</u>	<u>2,540,577</u>
Received from other districts:						
Tuition	3,748,174	-	-	-	3,748,174	3,808,811
Contracted educational services	4,250	-	-	-	4,250	-
Area vocational school fees	73,592	-	-	-	73,592	76,956
Total from other districts	<u>3,826,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,826,016</u>	<u>3,885,767</u>
Other:						
Sale of school buses	-	-	-	38,304	38,304	-
Total Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,304</u>	<u>38,304</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 16,572,699</u></u>	<u><u>7,542,291</u></u>	<u><u>-</u></u>	<u><u>779,253</u></u>	<u><u>24,894,243</u></u>	<u><u>25,004,777</u></u>

NOTE: The above schedules are reported revenues by source per Annual Secretary of the Board Report (ASBR).

**WEST PLAINS R-VII SCHOOL DISTRICT**

## Schedules of Expenditures By Object

Years Ended June 30, 2014 and 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	2014 Totals	2013 Totals
Salaries	\$3,639,857	11,436,659	-	15,076,516	15,128,548
Employee benefits	1,241,435	2,819,828	-	4,061,263	4,131,092
Purchased services	2,318,330	43,574	-	2,361,904	2,093,008
Supplies	2,390,962	-	-	2,390,962	2,369,196
Capital outlay	-	-	1,168,115	1,168,115	1,153,030
Other uses	-	-	124,360	124,360	407,646
Total	<u>\$9,590,584</u>	<u>14,300,061</u>	<u>1,292,475</u>	<u>25,183,120</u>	<u>25,282,520</u>

NOTE: The above schedules are reported expenditures by object per Annual Secretary of the Board Report (ASBR).



SCHULTZ, WOOD & RAPP, P.C.

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**INDEPENDENT AUDITOR'S REPORT ON STATE SCHEDULES**

September 29, 2014

Board of Education  
West Plains R-VII School District  
West Plains, Missouri 65775

Dear Members of the Board:

We have audited the basic financial statements of the West Plains R-VII School District, as of and for the year ended June 30, 2014 and have issued our report thereon dated September 29, 2014. Those basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on those financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the West Plains R-VII School District taken as a whole. The accompanying Schedules of Selected Statistics, Transportation Costs Eligible for State Aid and State Financial Grant Assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in those schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Schultz, Wood & Rapp, P.C.*

**WEST PLAINS R-VII SCHOOL DISTRICT**

Schedule of Selected Statistics

Year Ended June 30, 2014

County District Number: 040-134

Type of Audit Performed: Yellow Book: \_\_\_\_\_ Single Audit: X

**1. Calendar (Sections 160.041 and 171.031, RSMo)**

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

Kindergarten - A.M.	_____	Hours	Grades	<u>1 - 8</u>	<u>949.00</u>	Hours
Kindergarten - P.M.	_____	Hours	Grades	<u>9 - 12</u>	<u>949.00</u>	Hours
Kindergarten - Full-day	<u>949.00</u>	Hours	Grades	_____	_____	Hours

B. The number of days classes were in session and pupils were under the the direction of teachers during this school year was as follows:

Kindergarten - A.M.	_____	Days	Grades	<u>1 - 8</u>	<u>141</u>	Days
Kindergarten - P.M.	_____	Days	Grades	<u>9 - 12</u>	<u>141</u>	Days
Kindergarten - Full-day	<u>141</u>	Days	Grades	_____	_____	Days

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

**2. Average Daily Attendance (ADA)**

Regular Term	Full-Time & Part-Time	Remedial	Deseg In	Federal Lands	Total	Deseg Out
Kindergarten - A.M.	-	-	-	-	-	-
Kindergarten - P.M.	-	-	-	-	-	-
Kindergarten - Full-day	<u>164.34</u>	-	-	-	<u>164.34</u>	-
Grades 1 - 8	<u>1,122.97</u>	-	-	-	<u>1,122.97</u>	-
Grades 9 - 12	<u>505.52</u>	-	-	-	<u>505.52</u>	-
Grades _____	-	-	-	-	-	-
Grades _____	-	-	-	-	-	-
<b>Subtotal Regular Term</b>	<u>1,792.83</u>	-	-	-	<u>1,792.83</u>	-
		<b>Resident</b>	<b>Deseg In</b>	<b>Federal Lands</b>	<b>Total</b>	
<b>Summer School Subtotal</b>		<u>69.87</u>	-	-	<u>69.87</u>	
<b>Total Regular Term Plus Summer School ADA</b>					<u>1,862.70</u>	<u>-</u>

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

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Schedule of Selected Statistics (continued)  
 Year Ended June 30, 2014

**3. September Membership**

	<b>Full-Time &amp; Part- Time</b>	<b>Deseg In</b>	<b>Federal Lands</b>	<b>Total</b>	<b>Deseg Out</b>
<b>September Membership FTE Count</b>	1,866	-	-	1,866	-

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

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

		<b>Full-Time &amp; Part- Time</b>	<b>Deseg In</b>	<b>Total</b>
<b>State FTE Total</b>				
	<b>Free</b>	1,088	-	1,088
	<b>Reduced</b>	139	-	139
	<b>Total</b>	1,227	-	1,227

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

**5. Finance**

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.	N/A
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
G. The district has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment.	true
H. The amount spent for approved professional development committee plan activities was:	\$ 125,368

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Schedule of Selected Statistics (continued)  
 Year Ended June 30, 2014

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

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

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

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

- |   |                |
|---|----------------|
| A. The school transportation allowable costs substantially conforms to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.  | <u>true</u>    |
| 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.  | <u>true</u>    |
| C. Based on 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  | <u>1,189</u>   |
| ▪ Ineligible ADT  | <u>-</u>       |
| 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.  | <u>true</u>    |
| E. Actual odometer records show the total district-operated and contracted mileage for the year was:  | <u>218,293</u> |
| Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:                            |                |
| ▪ Eligible Miles  | <u>139,506</u> |
| ▪ Ineligible Miles (Non-Route/Disapproved)  | <u>78,787</u>  |
| F. Number of days the District operated the school transportation system during the regular school year:  | <u>141</u>     |
| G. All above "false" answers <u>must</u> be supported by a finding or management letter comment.  |                |

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

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

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Schedule of Transportation Costs Eligible for State Aid  
 Year Ended June 30, 2014

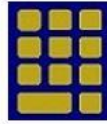
	District Owned	Handicapped District Owned	Non-Allowable Transportation Expenditure	Handicapped Contracted	Total
Certified Salaries	\$ -	-	-	-	-
Noncertificated salaries	440,477	29,277	-	-	469,754
Employee benefits	146,763	10,779	-	-	157,542
Purchased services	41,763	-	-	-	41,763
Supplies	155,787	6,050	-	-	161,837
Depreciation	112	-	-	-	112
Total	<u>\$ 784,902</u>	<u>46,106</u>	<u>-</u>	<u>-</u>	<u>831,008</u>

Nonroute contracted transportation	<u>None</u>
Purchase of new buses	<u>\$ -</u>
Transportation revenues from other districts	<u>None</u>

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Schedule of State Financial Grant Assistance  
 Year Ended June 30, 2014

	<u>Grantor's Number</u>	<u>Balance 6/30/2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance 6/30/2014</u>
Department of Elementary & Secondary Education:					
Vocational/Technical Enhancements	2014-046-134	\$ -	601,342	601,342	-
A+ School Grant	2014-046-134	<u>-</u>	<u>33,440</u>	<u>33,440</u>	<u>-</u>
Total State Financial Grant Assistance		<u>\$ -</u>	<u>634,782</u>	<u>634,782</u>	<u>-</u>





SCHULTZ, WOOD & RAPP, P.C.

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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH STATE REQUIREMENTS**

September 29, 2014

Board of Education  
West Plains R-VII School District  
West Plains, Missouri 65775

Dear Members of the Board:

We have audited the basic financial statements of the West Plains R-VII School District, as of and for the year ended June 30, 2014, and have issued our report thereon dated September 29, 2014. As required by the Revised Statutes of the State of Missouri, we have performed auditing procedures to test compliance with the requirements governing budgets (Chapter 67 RSMo) and the methods of maintaining pupil attendance and pupil transportation records (Chapter 165.121.3(7) RSMo). 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 disbursement procedures were in compliance with the budgetary statute (Chapter 67 RSMo). It is further our opinion that the pupil attendance and pupil transportation records are so maintained as to accurately disclose, in all material respects, the average daily attendance, resident membership on the last Wednesday of September and January, average number of regular riders transported, and mileage and allowable cost for pupil transportation in compliance with state and administrative rules.

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

*Schultz, Wood & Rapp, P.C.*



SCHULTZ, WOOD & RAPP, P.C.

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**INDEPENDENT AUDITOR'S 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**

September 29, 2014

Board of Education  
West Plains R-VII School District  
West Plains, Missouri 65775

Dear Members of the Board:

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 financial statements of West Plains R-VII School District, which comprise the District's basic financial statements as listed in the table of contents as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2014. The District prepares its financial statements on the accrual basis and modified accrual basis of accounting, which are accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered West Plains R-VII School 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Plains R-VII School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined below.

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* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the West Plains R-VII School 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 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.

*Schultz, Wood & Rapp, P.C.*

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknes(es) identified?	___ Yes	<u>x</u> No
Significant deficiency(ies) Identified?	___ Yes	<u>x</u> No
Control deficiency(ies) identified not considered to be significant deficiencies?	___ Yes	None <u>x</u> Reported

Noncompliance material to financial statements noted? \_\_\_ Yes x No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	___ Yes	<u>x</u> No
Significant deficiency(ies) identified?	___ Yes	<u>x</u> No
Control deficiency(ies) identified not considered to be significant deficiencies?	___ Yes	None <u>x</u> Reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? \_\_\_ Yes x No

Identifications of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.027A	Special Education (IDEA) Cluster
10.553,10.555, 10.559	Child Nutrition Cluster
84.010A	Title I Cluster
84.032	Federal Stafford Loan Program
84.063	Federal Pell Grant Program

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

Auditee qualified as low risk auditee? X Yes \_\_\_ No

Section II - Financial Statement Findings

Finding 14-1 Undercollateralization of Cash Balances Held at Bank:

As disclosed in Note 2 to the financial statements, the District's cash balances at bank were insufficiently collateralized by federal depository insurance and security investments held by the District's depository bank. This collateral deficiency was resolved by the District subsequent to June 30, 2014.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs (continued)  
 Year Ended June 30, 2014

Section III - Federal Award Findings and Questioned Costs

<u>Agency/Program/CFDA #</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
<u>U.S. Department of Agriculture:</u>		
Pass-Through Programs From:		
Missouri Dept. of Elementary and Secondary Education and Missouri Dept. of Health -		
Child Nutrition Cluster; CFDA #'s 10.553/10.555/10.559	None	None
<u>U.S. Department of Education:</u>		
Pass-Through Programs From:		
Missouri Dept. of Elementary and Secondary Education -		
Title I Cluster, CFDA #'s 84.010A	None	None
Special Education (IDEA) Cluster, CFDA #'s 84.027A	None	None
Direct Grants:		
Federal Stafford Loan Program CFDA # 84.032	None	None
Federal Pell Grant Program CFDA # 84.063	None	None

**WEST PLAINS R-VII SCHOOL DISTRICT**

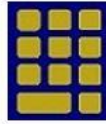
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2014

There were no federal findings or questioned costs in the prior years' audit reports to be resolved.

Corrective Action Plan  
Year Ended June 30, 2014

Finding: 14-1: Undercollateralization of Cash Balances Held at Bank

Corrective Action Planned: The District notified the bank and additional collateral was pledged to cover the District's cash balances subsequent to June 30, 2014. The District has implemented a monthly control to review amounts pledged as collateral with its cash balances held at such banks.



SCHULTZ, WOOD & RAPP, P.C.

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

September 29, 2014

Board of Education  
West Plains R-VII School District  
West Plains, Missouri 65775

Dear Members of the Board:

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

We have audited West Plains R-VII School District's 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 auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of 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.

***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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB *Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Schultz, Wood & Rapp, P.C.*



**WEST PLAINS R-VII SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Agriculture:</u>			
Pass-Through Programs From:			
Missouri Dept. of Elementary & Secondary Education -			
School Breakfast Program	10.553	2014-046-134	\$ 235,948
National School Lunch Program	10.555	2014-046-134	473,760
National School Lunch Program, Non-Cash	10.555	2014-046-134	53,164
Missouri Dept. of Health and Senior Services			
Summer Food	10.559	ERS0462211S	<u>47,160</u>
Total Nutrition Cluster and Total U.S. Department of Agriculture			<u>810,032</u>
<u>U.S. Department of Education:</u>			
Pass-Through Programs From:			
Missouri Dept. of Elementary & Secondary Education -			
Title I, Grants to local educational agencies	84.010A	2014-046-134-L	<u>842,810</u>
IDEA, Individuals with disabilities	84.027A	2014-046-134ENO1	438,736
ECSE - Special education grants	84.027A	2014-046-134ENO1	<u>93,748</u>
Total Special Education Cluster (IDEA)			<u>532,484</u>
Adult education literacy	84.002A	2014-046-134	<u>5,927</u>
Perkins Basic Grant	84.048A	2014-046-134	<u>134,130</u>
Career Education Mentoring	84.048A	2014-046-134	<u>200</u>
Vocational rehabilitation grants to states	84.126A	2014-046-134	<u>3,095</u>
Eisenhower professional Development state grants - ESEA Title II A			
	84.367A	2014-046-134	<u>133,731</u>
Rural education initiative, Title VI B	84.358B	2014-046-134	<u>36,415</u>
College Access Challenge Grant	84.378	2014-046-134	<u>20,400</u>

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards (continued)  
Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
Direct Grants:			
Federal Pell grant program	84.063	N/A	331,323
Federal Stafford loan program	84.032	N/A	<u>333,997</u>
Subtotal direct grants			<u>665,320</u>
Total US Department of Education			<u>2,374,512</u>
<u>U.S. Department of Labor:</u>			
Pass-Through Programs From:			
Missouri Division of Employment Security			
Trade adjustment assistance	17.245	2014-046-134	<u>47,949</u>
Total U.S. Department of Labor			<u>47,949</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 3,232,493</u></u>

**Notes to the Schedule of Expenditures of Federal Awards:**

1. This schedule is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. The District uses the cash basis of accounting and does not account for non-cash inventories.
3. No federal awards received by the District were provided to any sub-recipient during the fiscal year.



SCHULTZ, WOOD & RAPP, P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS  
MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S COMMUNICATION  
WITH THOSE CHARGED WITH GOVERNANCE**

September 29, 2014

Board of Education  
West Plains R-VII School District  
West Plains, Missouri 65775

Dear Members of the Board:

We have audited the financial statements of the West Plains R-VII School District for the year ended June 30, 2014, and have issued our report thereon dated September 29, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to the District dated June 6, 2014. Professional standards also require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 6, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the District's accrual basis and modified accrual basis of accounting as described in Note 1 to the financial statements. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the West Plains R-VII School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the West Plains R-VII School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates, if any, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates, including depreciation expense, are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of capital lease obligations, in Note 6 to the financial statements. Financial statement users need to be aware of debt obligations in future periods as this is not reflected in the Balance Sheets-Governmental Funds, since such statement is presented in accordance with the modified accrual basis of accounting.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No significant known or likely misstatements were identified during the audit.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 29, 2014.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

This information is intended solely for the use of the Board of Education and management of the West Plains R-VII School District and is not intended to be and should not be used by anyone other than those specified parties.

*Schultz, Wood & Rapp, P.C.*

**WEST PLAINS R-7 SCHOOL DISTRICT**  
 Summary of Selected Information  
 Ten Years Ended June 30, 2014

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b><u>GOVERNMENTAL FUNDS</u></b>										
Total Assets	\$ 7,980,366	8,163,334	9,285,326	8,102,881	7,166,320	7,125,708	7,726,958	9,419,207	10,323,648	12,686,182
Total Fund Equity	\$ 6,513,672	7,478,571	8,103,946	7,619,608	6,771,292	6,501,836	7,227,968	8,690,476	9,527,948	12,179,933
Percentage of Equity to Total Assets	81.6%	91.6%	90.5%	94.0%	94.5%	91.2%	93.5%	92.2%	92.3%	96.0%
Total Revenues	\$24,894,243	26,102,303	25,574,570	30,655,979	25,851,243	23,527,700	23,343,159	24,413,795	21,636,509	27,084,037
Less Total Expenditures	25,737,111	26,727,678	25,090,232	29,872,208	25,581,787	24,253,832	24,805,667	25,251,267	24,288,494	19,577,631
Revenues over (under) Expenditures	\$ (842,868)	(625,375)	484,338	783,771	269,456	(726,132)	(1,462,508)	(837,472)	(2,651,985)	7,506,406
<b><u>OTHER SELECTED DATA</u></b>										
Long-Term Debt Outstanding as of June 30	\$ 6,385,000	7,150,000	4,935,000	5,435,000	4,870,000	5,815,000	6,255,000	6,685,000	7,125,000	7,600,000
Calendar Hours	949.00	1,090.75	1,104.25	1,084.80	1,095.15	1,067.80	1,054.20	1,078.11	1,071.45	1,071.45
Eligible Pupils / ADA	1,862.70	1,897.46	1,897.46	1,888.11	1,895.10	1,872.59	1,892.48	1,902.69	1,889.38	1,891.31
September Resident Membership	1,866	1,985	1,985	1,967	1,957	1,967	1,939	1,954	1,911	1,929
Operating Fund Balances/Expenditures Ratio	20.1%	21.9%	21.6%	25.0%	23.8%	16.7%	22.4%	32.7%	34.6%	18.6%