

LONE JACK C-6 SCHOOL DISTRICT

LONE JACK, MISSOURI

BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Education
Lone Jack C-6 School District
Lone Jack, Missouri

We have audited the basic financial statements of the governmental activities and each major fund of the Lone Jack C-6 School District as of and for the year ended June 30, 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 modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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.

Board of Education
Lone Jack C-6 School District
Lone Jack, Missouri

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 modified cash basis financial position of the governmental activities and each major fund of Lone Jack C-6 School District as of June 30, 2013, and the respective changes in modified cash basis financial position thereof for the year then ended, in conformity with the basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The management's discussion and analysis and budgetary comparison information on pages 8-14 and 32-36, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Board of Education
Lone Jack C-6 School District
Lone Jack, Missouri

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lone Jack C-6 School District's basic financial statements. The data contained under Other Financial Information, is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
November 26, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

**LONE JACK C-6 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Our discussion and analysis of Lone Jack C-6 School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013, within the limitations of the District's modified cash basis of accounting. Please read it in conjunction with the District's financial statements that begin on page 16.

FINANCIAL HIGHLIGHTS

The budget of the Lone Jack C-6 School District continues to be influenced by sluggish State and Federal funding for the 2012-2013 fiscal year. As the State reduces the support of the Missouri Preschool Program each year, the fiscal burden for this valuable program is shifted to local funding sources. Because overall revenues only slightly outpace expenditures, budgeting and spending are approached from a very conservative position. The majority of budget balance growth experienced during the 2012-2013 fiscal year was contained within the debt service fund.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34 as applicable to the District's modified cash basis of accounting.

Report Components

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole, and present a longer-term view of the District's finances.

Fund Financial Statements: The fund financial statements focus on the individual parts of the District's operations in more detail than the government-wide statements by providing information about the District's funds. These statements tell how the services were financed in the short-term, as well as what remains for future spending.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Supplementary Information: The Management's Discussion and Analysis and the budgetary comparison schedules represent financial information required by the Missouri Department of Elementary and Secondary Education to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Other Financial Information: This part of the annual report includes optional financial information, which includes the Schedule of Receipts by Source and the Schedule of Disbursements by Object as well as schedules and reports required by the state and federal governments. This other financial information is provided to address certain needs of various users of the District's annual report.

Basis of Accounting

The District has elected to present its financial statements on the modified cash basis of accounting. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing receipts, disbursements, and their related assets and liabilities. Under the modified cash basis of accounting, receipts and disbursements and the related assets are recorded when they result from cash transactions. The modification to the cash basis of accounting relates to the presentation of investments.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or services provided yet not collected) and liabilities and their related expenditures (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Government-Wide Statement of Net Position and the Statement of Activities

Our financial analysis of the District as a whole begins on page 10. The government-wide financial statements are presented on pages 16-17. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all of the District's assets resulting from the use of the modified cash basis of accounting.

The statements report the District's net position and changes in them. Over time, increases and decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, the reader will need to consider other non-financial factors, such as changes in the District's tax base, attendance, and the condition of the District's facilities, to assess the overall health of the District.

The Statement of Activities is presented by its governmental functions, which includes instruction, student services, instructional staff support, building administration, general administration, operation of plant, transportation, food service, community services, facilities acquisition and construction, and debt service. The Statement of Activities shows the net cost of these functions before considering the general receipts of the District.

Fund Financial Statements

Our analysis of the District’s funds begins on page 12. The fund financial statements begin on page 19 and provide detailed information about the District’s funds. These funds are required to be established by State law and by bond covenants. The 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.

General Fund: Accounts for all resources, except those required to be accounted for in the Special Revenue, Debt Service, or Capital Projects Funds.

Special Revenue Fund: Accounts for receipts for certified employees involved in administration and instruction, and includes receipts restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District’s tax levy.

Debt Service Fund: Accounts for receipts restricted, committed, or assigned for the retirement of principal and interest on the District’s general obligation bonds.

Capital Projects Fund: Accounts for taxes and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as defined by State of Missouri statutes.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

The District’s net position, resulting from cash transactions, decreased by \$1,836,858 between fiscal years 2012 and 2013.

Net Position – Modified Cash Basis

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and investments - unrestricted	\$ 1,403,428	\$ 1,374,213
Cash and investments - restricted	719,344	2,585,417
TOTAL ASSETS	<u>\$ 2,122,772</u>	<u>\$ 3,959,630</u>
NET POSITION		
Restricted for:		
Scholarships	\$ 10,334	\$ 10,801
Student activities	76,512	72,431
Crossover refunding	-	2,005,287
Debt service	632,498	496,898
Unrestricted	<u>1,403,428</u>	<u>1,374,213</u>
TOTAL NET POSITION	<u>\$ 2,122,772</u>	<u>\$ 3,959,630</u>

LONE JACK C-6 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Changes in Net Position – Modified Cash Basis

For the year ended June 30, 2013, net position of the District, resulting from cash transactions, changed as follows:

RECEIPTS	<u>2013</u>	<u>2012</u>
<u>Program Receipts</u>		
Charges for services	\$ 552,283	\$ 557,600
Operating grants and contributions	416,640	504,218
<u>General Receipts</u>		
Ad valorem tax receipts	2,657,435	2,680,678
Prop C sales tax receipts	442,331	449,103
Other tax receipts	36,638	36,442
County receipts	106,881	101,512
State receipts	1,945,218	1,980,854
Interest receipts	50,917	113,313
Other receipts	23,285	5,160
<u>Special Items</u>		
Net insurance recovery	3,127	-
Refunding bonds	-	3,310,000
TOTAL RECEIPTS	<u>6,234,755</u>	<u>9,738,880</u>
 DISBURSEMENTS		
Instruction	3,010,722	2,928,923
Student services	219,579	238,022
Instructional staff support	293,823	231,487
Building administration	258,291	273,202
General administration	405,830	307,017
Operation of plant	548,038	536,756
Transportation	259,849	242,011
Food service	277,930	263,435
Community services	153,358	136,850
Facilities acquisition and construction	55,191	9,449
Debt service	2,589,002	2,250,685
TOTAL DISBURSEMENTS	<u>8,071,613</u>	<u>7,417,837</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ (1,836,858)</u>	<u>\$ 2,321,043</u>

Overall receipts decreased by \$3,504,125 and disbursements increased by \$653,776. The total cost of all programs and services was \$8,071,613. The majority of District disbursements were related to instruction, student services, and instructional staff support (43.7%). Debt service accounted for 32.1% of total costs. The remaining disbursements were for administration (8.2%), plant and maintenance (6.8%), transportation (3.2%), food service (3.4%), community services (1.9%), and facilities acquisition and construction (0.7%).

LONE JACK C-6 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

To aid in understanding the Statement of Activities, some additional explanation is given. Of particular interest is the format, which is significantly different from a typical Statement of Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances. You will notice that disbursements are listed in the first column, with receipts from that particular activity reported to the right. The result is a Net (Disbursements)/Receipts. This type of format highlights the relative financial burden each of the functions places on the District's taxpayers. It also identifies how much each function draws from the general receipts, or if it is self-financing through fees and grants. All other governmental receipts are reported as general. It is important to note that all taxes are classified as general receipts, even if restricted for a specific purpose.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

- The levy increase of \$.67, which was passed during April of fiscal year 2008-2009, continues to supplement the District's operating fund and thus helps to offset the decreases in State level funding.
- The Debt Service Fund functioned appropriately in reducing debt. As stated before, this fund will see an increased role in the coming years as the District works to retire bond debt. The District has taken an aggressive position in regards to debt retirement and will continue these efforts in the 2013-2014 budget year.

FINANCIAL ANALYSIS OF GENERAL FUND BUDGET VERSUS ACTUAL RESULTS

	Budget		Actual
	Original	Final	
RECEIPTS			
Local	\$ 2,425,588	\$ 2,490,610	\$ 2,480,671
County	57,267	57,267	71,871
State	173,190	140,190	139,728
Federal	131,580	131,580	165,004
TOTAL RECEIPTS	\$ 2,787,625	\$ 2,819,647	\$ 2,857,274
DISBURSEMENTS			
Instruction	\$ 312,079	\$ 303,060	\$ 291,742
Student services	98,984	98,984	101,786
Instructional staff support	156,157	177,088	172,776
Building administration	95,906	95,906	94,066
General administration	188,775	238,775	235,358
Operation of plant	529,831	541,831	548,038
Transportation	260,942	263,660	253,321
Food service	253,550	275,250	274,661
Community services	92,765	113,857	90,077
TOTAL DISBURSEMENTS	\$ 1,988,989	\$ 2,108,411	\$ 2,061,825

LONE JACK C-6 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Receipts

The receipts and disbursements presented above reflect the General Fund (Fund 1) only. They do not include the Special Revenue Fund (Fund 2), the Debt Service Fund (Fund 3), or the Capital Projects Fund (Fund 4).

The original District budget had total receipts of \$2,787,625 and actual receipts were \$2,857,274, which was a difference of \$69,649.

The District's original estimates for state receipts were more than were received and original estimates for federal receipts were less than were received, due to the portion of basic formula funding received from federal sources that were originally budgeted as state receipts.

Disbursements

The original District budget had total disbursements of \$1,988,989 and actual disbursements were \$2,061,825, which was a difference of \$72,836.

DEBT ADMINISTRATION

Long-Term Debt – Modified Cash Basis

The District uses the modified cash basis of accounting, which recognizes disbursements when paid in cash and receipts when collected in cash. Therefore, long-term debt of the District is not reflected in the financial statements. The following is a summary of long-term debt of the District as of June 30, 2013 and 2012.

	June 30,	
	2013	2012
LONG-TERM DEBT		
General Obligation Bonds	\$ 4,860,000	\$ 7,260,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of circumstances that could affect its future financial health:

- Steps have been taken to offset the negative impact of State and Federal program reductions. Steps that will improve the overall financial position of the District for the 2013-2014 fiscal year include closing of the Primary building to net savings on utilities, staffing, and transportation. Staff reductions related to the Primary closing includes food service, custodial, and secretarial staffing.
- The District has seen no growth in student population.
- The District has experienced only minimal growth in Assessed Valuation.
- The District joined a health insurance pool with three other GKC School Districts. The two year guarantee of no increase in costs to the district resulted in many thousands of dollars in savings while maintaining coverage at previous levels.
- An additional step taken to improve District efficiencies was the modification of the master calendar. An additional 30 minutes was added to each day of school and the calendar was reduced by nine days. The savings in transportation and food services expenditures should amount to several thousand dollars.
- With State funding sources continuing well below their potential and Federal sequestration still looming, the Local funding sources for the District grow in importance. Projections for growth in fund balances remain very conservative.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors, and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent of Schools, Mr. Bryan Prewitt, at Lone Jack C-6 School District, 313 S Bynum Road, Lone Jack, Missouri 64070; telephone (816) 697-3539; email bprewitt@lonejackc6.net.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LONE JACK C-6 SCHOOL DISTRICT
 STATEMENT OF NET POSITION – MODIFIED CASH BASIS
 June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and investments - unrestricted	\$ 1,403,428
Cash and investments - restricted	<u>719,344</u>
TOTAL ASSETS	<u><u>\$ 2,122,772</u></u>
NET POSITION	
Restricted for:	
Scholarships	\$ 10,334
Student activities	76,512
Debt service	632,498
Unrestricted	<u>1,403,428</u>
TOTAL NET POSITION	<u><u>\$ 2,122,772</u></u>

See accompanying notes.

LONE JACK C-6 SCHOOL DISTRICT
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
Year Ended June 30, 2013

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ (3,010,722)	\$ 284,903	\$ 162,407	\$ -
Student services	(219,579)	-	1,406	-
Instructional staff support	(293,823)	-	60,884	-
Building administration	(258,291)	-	-	-
General administration	(405,830)	-	3,600	-
Operation of plant	(548,038)	-	-	-
Transportation	(259,849)	-	53,332	-
Food service	(277,930)	173,714	69,885	-
Community services	(153,358)	93,666	65,126	-
Facilities acquisition and construction	(55,191)	-	-	-
Debt service	(2,589,002)	-	-	-
NET PROGRAM (DISBURSEMENTS) RECEIPTS	<u>\$ (8,071,613)</u>	<u>\$ 552,283</u>	<u>\$ 416,640</u>	<u>\$ -</u>
General Receipts:				
Ad valorem tax receipts				2,657,435
Prop C sales tax receipts				442,331
Other tax receipts				36,638
County receipts				106,881
State receipts				1,945,218
Interest receipts				50,917
Other receipts				23,285
TOTAL GENERAL RECEIPTS				<u>5,262,705</u>
Special Item:				
Net insurance recovery				<u>3,127</u>
(DECREASE) IN NET POSITION				<u>(1,836,858)</u>
NET POSITION - Beginning of year				<u>3,959,630</u>
NET POSITION - End of year				<u>\$ 2,122,772</u>

See accompanying notes.

FUND FINANCIAL STATEMENTS

LONE JACK C-6 SCHOOL DISTRICT
STATEMENT OF ASSETS AND FUND BALANCES – GOVERNMENTAL FUNDS – MODIFIED CASH
BASIS
June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and investments - unrestricted	\$ 1,282,920	\$ 5	\$ -	\$ 120,503	\$ 1,403,428
Cash and investments - restricted	<u>86,846</u>	<u>-</u>	<u>632,498</u>	<u>-</u>	<u>719,344</u>
TOTAL ASSETS	<u>\$ 1,369,766</u>	<u>\$ 5</u>	<u>\$ 632,498</u>	<u>\$ 120,503</u>	<u>\$ 2,122,772</u>
FUND BALANCES					
Restricted for:					
Scholarships	\$ 10,334	\$ -	\$ -	\$ -	\$ 10,334
Student activities	76,512	-	-	-	76,512
Debt service	-	-	632,498	-	632,498
Assigned to:					
Certified salaries	-	5	-	-	5
Capital outlay	-	-	-	120,503	120,503
Unassigned	<u>1,282,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,282,920</u>
TOTAL FUND BALANCES	<u>\$ 1,369,766</u>	<u>\$ 5</u>	<u>\$ 632,498</u>	<u>\$ 120,503</u>	<u>\$ 2,122,772</u>

See accompanying notes.

LONE JACK C-6 SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS – MODIFIED CASH BASIS
Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
RECEIPTS					
Local	\$ 2,480,671	\$ 442,337	\$ 688,279	\$ 45,799	\$ 3,657,086
County	71,871	5,019	29,991	-	106,881
State	139,728	1,913,101	-	49,831	2,102,660
Federal	165,004	94,194	-	-	259,198
Other	-	105,803	-	-	105,803
TOTAL RECEIPTS	2,857,274	2,560,454	718,270	95,630	6,231,628
DISBURSEMENTS					
Instruction	291,742	2,716,041	-	2,939	3,010,722
Student services	101,786	117,793	-	-	219,579
Instructional staff support	172,776	54,277	-	66,770	293,823
Building administration	94,066	164,225	-	-	258,291
General administration	235,358	170,472	-	-	405,830
Operation of plant	548,038	-	-	-	548,038
Transportation	253,321	6,528	-	-	259,849
Food service	274,661	-	-	3,269	277,930
Community services	90,077	63,281	-	-	153,358
Facilities acquisition and construction	-	-	-	55,191	55,191
Debt service	-	-	2,587,957	1,045	2,589,002
TOTAL DISBURSEMENTS	2,061,825	3,292,617	2,587,957	129,214	8,071,613
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	795,449	(732,163)	(1,869,687)	(33,584)	(1,839,985)
OTHER FINANCING SOURCES (USES)					
Net insurance recovery	-	-	-	3,127	3,127
Operating transfers in	-	732,163	-	-	732,163
Operating transfers (out)	(732,163)	-	-	-	(732,163)
TOTAL OTHER FINANCING SOURCES (USES)	(732,163)	732,163	-	3,127	3,127
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	63,286	-	(1,869,687)	(30,457)	(1,836,858)
FUND BALANCE, July 1, 2012	1,306,480	5	2,502,185	150,960	3,959,630
FUND BALANCE, June 30, 2013	<u>\$ 1,369,766</u>	<u>\$ 5</u>	<u>\$ 632,498</u>	<u>\$ 120,503</u>	<u>\$ 2,122,772</u>

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's accounting policies conform to the modified cash basis of accounting, which is characteristic of local governmental units of this type.

Financial Reporting Entity

The District is organized under the laws of the State of Missouri and is a primary government governed by an elected seven-member board. The District is not financially accountable for any other organization, nor is it a component unit of any other primary governmental entity.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements present governmental activities generally financed through taxes, intergovernmental receipts, and other non-exchange transactions

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts, and disbursements. The District has governmental funds only. The governmental funds of the District are all considered major funds by the Department of Elementary and Secondary Education.

The funds presented in the accompanying basic financial statements include all funds established under Missouri Revised Statutes and controlled by the Board of Education. The purpose of each fund is:

General Fund - Accounts for disbursements for non-certified employees, school transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any disbursements not accounted for in other funds.

Special Revenue Fund - Accounts for receipts for certified employees involved in administration and instruction, and includes receipts restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District's tax levy.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt Service Fund - Accounts for receipts restricted, committed, or assigned for the retirement of principal and interest on the District's long-term debt.

Capital Projects Fund - Accounts for taxes and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as defined by State of Missouri statutes.

Basis of Accounting

The government-wide Statement of Net Position, Statement of Activities, and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund equity, receipts, and disbursements when they result from cash transactions. The modification to the cash basis of accounting relates to the presentation of investments. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Capital Outlay

General fixed assets are recorded as disbursements in the Capital Projects Fund at the time the invoice for the capital item is paid.

Compensated Absences

Vacation time, personal business days, and sick leave are considered as disbursements in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on length of service.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Debt

Long-term debt arising from cash transactions of the governmental funds is not reported in the government-wide financial statements or the fund financial statements, which is consistent with the modified cash basis of accounting. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements.

Teachers' Salaries

The salary payment schedule of the District for the 2012-2013 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2013 payroll checks are included in the financial statements as disbursements in the month of June. This practice has been consistently followed in previous years.

Pooled Cash and Investments

Cash and investments of the individual funds are combined to form a pool of cash and investments, with the exception of the Debt Service Fund which is kept in separate bank accounts. Cash equivalents and investments of the pooled accounts consist primarily of money market accounts and Certificates of Deposit, carried at cost, which approximates market.

Inventories

Inventories are valued at cost and consist of food and educational materials. The cost is recorded as a disbursement at the time inventory is purchased.

Equity Classification

In the government-wide financial statements, net position is classified in two components as follows:

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted”.

It is the District’s policy to first use restricted net position prior to the use of unrestricted net position when disbursements are made for purposes for which both restricted and unrestricted net position are available.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance – This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity, or from parties outside the District’s taxpayers, are reported as program receipts. These include various grants from the state and federal governments. All other governmental receipts are reported as general. All taxes are classified as general receipts, even if restricted for a specific purpose.

LONE JACK C-6 SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the District’s deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2013, all bank balances on deposit were insured or collateralized with securities.

NOTE C – INVESTMENTS

Investments of the District as of June 30, 2013, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of Deposit	Various	\$ 1,905,716
Pro-rata share of investment contracts with Wells Fargo Bank through the Missouri School District Direct Deposit Program	N/A	257,936
Missouri Securities Investment Program - (MOSIP)	N/A	<u>248,080</u>
TOTAL INVESTMENTS		<u><u>\$ 2,411,732</u></u>

Certificates of Deposit

Certificates of Deposit with maturities in excess of three months are classified as investments, but are considered deposits for custodial risk determination. State statutes require that the District’s deposits be collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2013, all Certificates of Deposit are entirely insured or collateralized with securities.

Investment Contracts with Wells Fargo Bank

Funds on deposit with Wells Fargo Bank are invested in investment contracts in which the District has a pro-rata share of the investment contract. The investment contracts are in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. The investment contracts are with credit providers whose unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service. Fair market value approximates cost.

LONE JACK C-6 SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE C – INVESTMENTS (continued)

Missouri Securities Investment Program

District funds in the Missouri Securities Investment Program are invested in cash management funds in which the District has a pro-rata share. The funds are invested in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes and the cash management fund has a current rating of AAAM. Fair market value approximates cost.

The District does not have a policy on interest rate risk.

NOTE D – TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The counties collect the property taxes and remit them to the District.

The District also receives sales tax collected by the State and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year unless the voters have approved a waiver of the rollback provision. The District has voted a full waiver of the rollback provision.

The assessed valuation of the tangible taxable property for the calendar year 2012 for purposes of local taxation was:

Real estate		\$ 40,323,438
Personal property		<u>8,483,289</u>
	TOTAL ASSESSED VALUATION	<u><u>\$ 48,806,727</u></u>

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 4.1231	\$ 4.1231
Debt Service Fund	<u>1.3875</u>	<u>1.3875</u>
	TOTAL LEVY	<u><u>\$ 5.5106</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2013, aggregated approximately 99 percent of the current assessment computed on the basis of the levy as shown above.

NOTE E – RETIREMENT PLANS

The District contributed to the Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to full-time (and certain part-time) certificated employees, and death benefits to members and beneficiaries. Positions covered by the Public School Retirement System are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010-.141 of the Missouri Revised Statutes (1986). 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 are required to contribute 14.5% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The District's employer and employee contributions to PSRS for the years ended June 30, 2013, 2012, and 2011, were \$699,428, \$702,780, and \$708,706, respectively, equal to the required contributions.

The District also contributes to the Public Education Employee Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the district who work 20 or more hours per week and who do not contribute to the Public School Retirement System of Missouri. Positions covered by the Public Education Employee Retirement System 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. 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 are required to contribute 6.86% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The Lone Jack C-6 School District's employer and employee contributions to PEERS for the years ended June 30, 2013, 2012, and 2011, were \$97,175, \$95,165, and \$102,347, respectively, equal to the required contributions.

LONE JACK C-6 SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE F – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at June 30, 2013, consist of:

\$1,100,000 qualified school construction bond (QSCB) issue dated November 19, 2009, due in varying annual installments through September 15, 2023, with interest at 1.60%.	\$ 1,100,000
\$700,000 general obligation bond issue dated August 14, 2009, due in varying annual installments through March 1, 2017, with interest at 2.50% to 3.25%.	600,000
\$3,310,000 general obligation refunding bond issue dated March 15, 2012, due in varying annual installments through March 1, 2021, with interest at 1.125% to 2.00%.	<u>3,160,000</u>
	<u><u>\$ 4,860,000</u></u>

The following is a summary of bond transactions for the year ended June 30, 2013:

	<u>Total</u>
Bonds Payable, July 1, 2012	\$ 7,260,000
Bonds Issued	-
Bonds Retired	<u>(2,400,000)</u>
Bonds Payable, June 30, 2013	<u><u>\$ 4,860,000</u></u>

Annual debt service requirements to maturity for the above bonds are:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u> <u>Intercepts</u>	<u>Total</u>
2014	\$ 490,000	\$ 89,037	\$ -	\$ 579,037
2015	500,000	78,738	-	578,738
2016	510,000	67,988	-	577,988
2017	525,000	56,788	-	581,788
2018	535,000	42,538	-	577,538
2019	395,000	36,519	150,000	581,519
2020	400,000	31,087	150,000	581,087
2021	405,000	24,687	150,000	579,687
2022	-	17,600	150,000	167,600
2023	-	17,600	150,000	167,600
2024	-	17,600	150,000	167,600
2025	-	4,400	200,000	204,400
	<u><u>\$ 3,760,000</u></u>	<u><u>\$ 484,582</u></u>	<u><u>\$ 1,100,000</u></u>	<u><u>\$ 5,344,582</u></u>

LONE JACK C-6 SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE F – GENERAL OBLIGATION BONDS PAYABLE (continued)

The interest and principal accumulation deposits on the Series QSCB issue will be intercepted under the Missouri Direct Deposit Program guidelines. The principal accumulation intercepts of various amounts per year beginning on September 15, 2018, are intercepted by DESE over a ten month period. On September 15 of each year, those funds are to be transferred to UMB Bank and deposited in the principal account of the bond fund. On September 15, 2024, the principal accumulation deposits will pay off \$1,100,000 Series 2009 QSCB issue in full.

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. The legal debt margin of the District at June 30, 2013, was:

Constitutional debt limit	\$ 7,321,009
General obligation bonds payable	(4,860,000)
Amount available in Debt Service Fund	<u>632,498</u>
LEGAL DEBT MARGIN	<u>\$ 3,093,507</u>

NOTE G – CLAIMS AND ADJUSTMENTS

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the District may be required to reimburse the grantor government. As of June 30, 2013, disbursements have not been audited by grantor governments, but the District believes that disallowed disbursements, if any, based on subsequent audits, will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE H – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

LONE JACK C-6 SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE I – COMPENSATED ABSENCES

Compensated absences payable consists of accumulated sick leave by District personnel. The District’s policy allows certified and non-certified employees to be reimbursed for accumulated sick days earned after working for the District for at least five years. Non-certified employees will be paid \$10 per day, while certified employees will be paid \$20 per day, up to 45 days. Annually, for any days exceeding 45 days, certified employees are paid \$45 per day. The District will pay an employee upon retirement or resignation for each unused sick day accumulated. Total compensated absences payable at June 30, 2013, was \$23,054.

NOTE J – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2013, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 732,163
Special Revenue Fund	<u>732,163</u>	<u>-</u>
	<u>\$ 732,163</u>	<u>\$ 732,163</u>

The District is required to make a transfer from the General Fund to the Special Revenue Fund to cover the excess of disbursements over receipts, if applicable, each year.

NOTE K – POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note E, the District makes available post-retirement healthcare benefits to all employees who retire from the District. Participation by retirees in the District health plan is subjected to terms and conditions set forth in the Board policy. The cost of the coverage is charged to the retiree at a blended rate for all employees. The District has not made a formal evaluation or projection on the future cost of the existing health care benefit plan in relation to retirees.

SUPPLEMENTARY INFORMATION

LONE JACK C-6 SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget: Positive (Negative)
RECEIPTS				
Local	\$ 2,425,588	\$ 2,490,610	\$ 2,480,671	\$ (9,939)
County	57,267	57,267	71,871	14,604
State	173,190	140,190	139,728	(462)
Federal	131,580	131,580	165,004	33,424
TOTAL RECEIPTS	<u>2,787,625</u>	<u>2,819,647</u>	<u>2,857,274</u>	<u>37,627</u>
DISBURSEMENTS				
Instruction	312,079	303,060	291,742	11,318
Student services	98,984	98,984	101,786	(2,802)
Instructional staff support	156,157	177,088	172,776	4,312
Building administration	95,906	95,906	94,066	1,840
General administration	188,775	238,775	235,358	3,417
Operation of plant	529,831	541,831	548,038	(6,207)
Transportation	260,942	263,660	253,321	10,339
Food service	253,550	275,250	274,661	589
Community services	92,765	113,857	90,077	23,780
TOTAL DISBURSEMENTS	<u>1,988,989</u>	<u>2,108,411</u>	<u>2,061,825</u>	<u>46,586</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	798,636	711,236	795,449	84,213
OTHER FINANCING (USES)				
Operating transfers (out)	<u>(739,001)</u>	<u>(879,631)</u>	<u>(732,163)</u>	<u>147,468</u>
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)	59,635	(168,395)	63,286	231,681
FUND BALANCE, July 1, 2012	<u>1,306,480</u>	<u>1,306,480</u>	<u>1,306,480</u>	<u>-</u>
FUND BALANCE, June 30, 2013	<u>\$ 1,366,115</u>	<u>\$ 1,138,085</u>	<u>\$ 1,369,766</u>	<u>\$ 231,681</u>

LONE JACK C-6 SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget: Positive (Negative)
RECEIPTS				
Local	\$ 427,589	\$ 432,816	\$ 442,337	\$ 9,521
County	7,585	7,585	5,019	(2,566)
State	1,788,641	1,768,445	1,913,101	144,656
Federal	101,000	101,000	94,194	(6,806)
Other	122,000	122,000	105,803	(16,197)
TOTAL RECEIPTS	2,446,815	2,431,846	2,560,454	128,608
DISBURSEMENTS				
Instruction	2,649,360	2,785,929	2,716,041	69,888
Student services	122,830	122,830	117,793	5,037
Instructional staff support	59,450	59,020	54,277	4,743
Building administration	165,203	165,203	164,225	978
General administration	125,122	125,122	170,472	(45,350)
Transportation	6,528	6,528	6,528	-
Community services	57,328	46,845	63,281	(16,436)
TOTAL DISBURSEMENTS	3,185,821	3,311,477	3,292,617	18,860
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(739,006)	(879,631)	(732,163)	147,468
OTHER FINANCING SOURCES				
Operating transfers in	739,001	879,631	732,163	(147,468)
(DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	(5)	-	-	-
FUND BALANCE, July 1, 2012	5	5	5	-
FUND BALANCE, June 30, 2013	\$ -	\$ 5	\$ 5	\$ -

LONE JACK C-6 SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget:
				Positive (Negative)
RECEIPTS				
Local	\$ 651,568	\$ 676,695	\$ 688,279	\$ 11,584
County	20,498	20,498	29,991	9,493
TOTAL RECEIPTS	672,066	697,193	718,270	21,077
DISBURSEMENTS				
Debt service	671,712	2,587,957	2,587,957	-
TOTAL DISBURSEMENTS	671,712	2,587,957	2,587,957	-
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	354	(1,890,764)	(1,869,687)	21,077
FUND BALANCE, July 1, 2012	2,502,185	2,502,185	2,502,185	-
FUND BALANCE, June 30, 2013	<u>\$ 2,502,539</u>	<u>\$ 611,421</u>	<u>\$ 632,498</u>	<u>\$ 21,077</u>

LONE JACK C-6 SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget: Positive (Negative)
RECEIPTS				
Local	\$ 32,965	\$ 22,965	\$ 45,799	\$ 22,834
State	58,329	51,597	49,831	(1,766)
TOTAL RECEIPTS	91,294	74,562	95,630	21,068
DISBURSEMENTS				
Instruction	8,500	8,500	2,939	5,561
Instructional staff support	29,510	59,500	66,770	(7,270)
Operation of plant	4,000	4,000	-	4,000
Food service	2,000	3,000	3,269	(269)
Community services	2,000	2,000	-	2,000
Facilities acquisition and construction	25,000	58,000	55,191	2,809
Debt service	-	-	1,045	(1,045)
TOTAL DISBURSEMENTS	71,010	135,000	129,214	5,786
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	20,284	(60,438)	(33,584)	26,854
OTHER FINANCING SOURCES				
Net insurance recovery	-	-	3,127	3,127
TOTAL OTHER FINANCING SOURCES	-	-	3,127	3,127
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	20,284	(60,438)	(30,457)	29,981
FUND BALANCE, July 1, 2012	150,960	150,960	150,960	-
FUND BALANCE, June 30, 2013	<u>\$ 171,244</u>	<u>\$ 90,522</u>	<u>\$ 120,503</u>	<u>\$ 29,981</u>

LONE JACK C-6 SCHOOL DISTRICT
NOTE TO BUDGETARY COMPARISON SCHEDULES
June 30, 2013

Budgets and Budgetary Accounting

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

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- 2) Prior to July, the superintendent, who serves as the Budget Officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- 4) Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education. Individual amendments were not material to the original appropriations, which were amended.
- 6) Budgets for District funds are prepared and adopted on the modified cash basis (budget basis).

OTHER FINANCIAL INFORMATION

LONE JACK C-6 SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE
Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
LOCAL					
Current taxes	\$ 1,694,949	\$ -	\$ 570,382	\$ -	\$ 2,265,331
Delinquent taxes	293,389	-	98,715	-	392,104
School district trust fund (Prop C)	-	442,331	-	-	442,331
Financial institution tax	55	-	19	-	74
M&M surtax	-	-	1	35,799	35,800
In lieu of tax	572	-	192	-	764
Tuition from individuals (K-12)	24,950	-	-	-	24,950
Earnings on investments	31,941	6	18,970	-	50,917
Food service program	118,411	-	-	-	118,411
Food service non-program	55,303	-	-	-	55,303
Student activities	154,150	-	-	-	154,150
Community services	93,666	-	-	-	93,666
Other	13,285	-	-	10,000	23,285
TOTAL LOCAL	2,480,671	442,337	688,279	45,799	3,657,086
COUNTY					
Fines, escheats, etc.	-	5,019	-	-	5,019
State assessed utilities	71,871	-	29,991	-	101,862
TOTAL COUNTY	71,871	5,019	29,991	-	106,881
STATE					
Basic formula	-	1,745,895	-	-	1,745,895
Transportation	42,344	-	-	-	42,344
Early childhood special education	11,483	-	-	-	11,483
Basic formula - classroom trust fund	-	149,492	-	49,831	199,323
Educational screening prog/PAT	11,758	2,780	-	-	14,538
Food service	2,027	-	-	-	2,027
Residential placement/excess cost	10,143	-	-	-	10,143
High need fund	7,785	14,934	-	-	22,719
Missouri preschool project	54,188	-	-	-	54,188
TOTAL STATE	139,728	1,913,101	-	49,831	2,102,660

LONE JACK C-6 SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE (CONTINUED)
Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
FEDERAL					
IDEA grants	10,100	-	-	-	10,100
IDEA entitlement funds, Part B IDEA	21,894	69,463	-	-	91,357
Early childhood special education	1,835	-	-	-	1,835
School lunch program	54,032	-	-	-	54,032
School breakfast program	13,826	-	-	-	13,826
Title I, ESEA	8,244	24,731	-	-	32,975
Title II, Part A, ESEA - teacher & principal quality	4,121	-	-	-	4,121
Title VI, Part B rural education initiative	50,952	-	-	-	50,952
TOTAL FEDERAL	165,004	94,194	-	-	259,198
OTHER SOURCES					
Net insurance recovery	-	-	-	3,127	3,127
Tuition from other districts	-	105,803	-	-	105,803
TOTAL OTHER SOURCES	-	105,803	-	3,127	108,930
TOTAL RECEIPTS	<u>\$ 2,857,274</u>	<u>\$ 2,560,454</u>	<u>\$ 718,270</u>	<u>\$ 98,757</u>	<u>\$ 6,234,755</u>

Note: The Schedule of Receipts by Source agrees to the Annual Secretary of the Board Report.

LONE JACK C-6 SCHOOL DISTRICT
SCHEDULE OF DISBURSEMENTS BY OBJECT
Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Salaries	\$ 611,364	\$ 2,536,017	\$ -	\$ -	\$ 3,147,381
Teacher retirement	2,168	348,807	-	-	350,975
Non-teacher retirement	47,309	-	-	-	47,309
Social security	35,683	14,810	-	-	50,493
Medicare	8,353	35,276	-	-	43,629
Employee insurance	76,186	201,824	-	-	278,010
Tuition	-	110,883	-	-	110,883
Professional services	21,515	-	-	-	21,515
Audit services	9,500	-	-	-	9,500
Technical services	7,353	-	-	-	7,353
Legal services	13,194	-	-	-	13,194
Property services	157,113	-	-	-	157,113
Contracted transportation to and from school	136,117	-	-	-	136,117
Other contracted pupil transportation (non-route)	4,294	-	-	-	4,294
Travel	27,856	-	-	-	27,856
Property insurance	25,615	-	-	-	25,615
Liability insurance	24,450	-	-	-	24,450
Judgments against LEA	50,000	45,000	-	-	95,000
Other purchased services	149,513	-	-	-	149,513
General supplies	230,224	-	-	-	230,224
Regular textbook	27,021	-	-	-	27,021
Library books	11,170	-	-	-	11,170
Periodicals	1,992	-	-	-	1,992
Food service - food only	160,158	-	-	-	160,158
Energy supplies/service	216,842	-	-	-	216,842
Other supplies	6,835	-	-	-	6,835
Buildings	-	-	-	48,866	48,866
Improvement to sites	-	-	-	6,325	6,325
Equipment - general	-	-	-	70,039	70,039
Equipment - instructional apparatus	-	-	-	2,939	2,939
Principal	-	-	2,400,000	-	2,400,000
Interest	-	-	186,755	-	186,755
Other (fin. fees, etc.)	-	-	1,202	1,045	2,247
TOTAL DISBURSEMENTS	<u>\$ 2,061,825</u>	<u>\$ 3,292,617</u>	<u>\$ 2,587,957</u>	<u>\$ 129,214</u>	<u>\$ 8,071,613</u>



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

Board of Education
Lone Jack C-6 School District
Lone Jack, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and each major fund of Lone Jack C-6 School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Lone Jack C-6 School District's basic financial statements and have issued our report thereon dated November 26, 2013.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Lone Jack C-6 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

Board of Education
Lone Jack C-6 School District
Lone Jack, Missouri

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. It is identified as item 13-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lone Jack C-6 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*.

We noted certain other matters that we reported to management of Lone Jack C-6 School District in a separate letter dated November 26, 2013.

Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, express no opinion on it.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
November 26, 2013

LONE JACK C-6 SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013

MATERIAL WEAKNESS

13-1 Segregation of duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The District currently has one full-time bookkeeper to handle the accounting needs of the District. There are some mitigating controls in place but it is not possible to have segregation in all areas.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel.

SUPPLEMENTARY STATE INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY STATE INFORMATION**

Board of Education
Lone Jack C-6 School District
Lone Jack, Missouri

We have audited the basic financial statements of the Lone Jack C-6 School District, Lone Jack, Missouri, as of and for the year ended June 30, 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, and have issued our report thereon dated November 26, 2013. Our audit of such basic financial statements was made in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* and the standards for financial and compliance audits issued by the Missouri Department of Elementary and Secondary Education and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Report on Supplementary State Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lone Jack C-6 School District's basic financial statements. The accompanying Supplementary State Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from, and relates directly to, the accounting and other records of the District. The information in this section 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
November 26, 2013



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**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH CERTAIN LAWS AND
REGULATIONS SPECIFIED BY MISSOURI STATUTE**

Board of Education
Lone Jack C-6 School District
Lone Jack, Missouri

We have audited the basic financial statements of the Lone Jack C-6 School District, Lone Jack, Missouri, as of and for the year ended June 30, 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, and have issued our report thereon dated November 26, 2013. Our audit of such basic financial statements was made in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the standards for financial and compliance audits issued by the Missouri Department of Elementary and Secondary Education and, accordingly, included such tests of the accounting and other records and such other auditing procedures as we considered necessary in the circumstances.

Management's Responsibility

Compliance with laws, regulations, contracts and grant agreements and other matters applicable to the District is the responsibility of the District's management.

Auditors' Responsibility

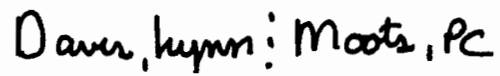
As required by statutes of the State of Missouri, we have performed auditing procedures to test compliance with the requirements governing budgets (Chapter 67, RSMo) and the methods of maintaining pupil attendance and pupil transportation records (Chapter 165.121.3(7), RSMo).

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 maintained as to accurately disclose, in all material respects, the average daily attendance, resident membership on the last Wednesday of September, average number of students scheduled to be transported and mileage and allowable cost for pupil transportation in compliance with Missouri law and administrative rules.

Board of Education
Lone Jack C-6 School District
Lone Jack, Missouri

The purpose of this report is solely to describe the scope of our testing of regulations specified by Missouri statute and the results of that testing based on requirements of Missouri statutes. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Davis, Lynn & Moots, PC". The signature is written in a cursive, slightly slanted style.

DAVIS, LYNN & MOOTS, P.C.
November 26, 2013

LONE JACK C-6 SCHOOL DISTRICT 048-075
 SCHEDULE OF SELECTED STATISTICS
 Year Ended June 30, 2013

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 1,133.35.
- B. The number of days classes were in session and pupils were under the direction of the teachers during this school year was 173.

2. Average Daily Attendance (ADA)

Average Daily Attendance:

Regular term:

Full-time and part-time

Resident I - Kindergarten – Grade 12

522.16

Resident II - Kindergarten – Grade 12

1.23

Total regular term

523.39

Summer school average daily attendance

6.51

Total Average Daily Attendance

529.90

3. September Membership

September Membership FTE Count

552.00

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

State FTE Total

Free

76.00

Reduced

27.00

Total

103.00

5. Finance

- A. A bond, as required by Section 162.401, RSMo, has been purchased for the District treasurer in the amount of \$50,000.
- B. The District's deposits were adequately secured during the year as required by Sections 110.010 and 110.020, RSMo.
- C. The District maintained a separate bank account for its Debt Service Fund in accordance with Section 165.011, RSMo.

LONE JACK C-6 SCHOOL DISTRICT 048-075
SCHEDULE OF SELECTED STATISTICS (continued)
Year Ended June 30, 2013

5. Finance (continued)

- D. Salaries reported for educators in the October core data cycle are supported by payroll/contract records.
- E. The District did not make a \$162,326 or 7% x SAT x WADA transfer.
- F. The District published a summary of the 2011-2012 audit report within thirty days of receipt of the audit, pursuant to Section 165.121, RSMo.

There were no findings noted above.

6. Transportation (Section 163.161, RSMo)

- A. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.
- 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.
- C. Based on the ridership records, the average number of students (non-disabled K-12, career education, and K-12 students with disabilities) transported on a regular basis (ADT) eligible for state transportation aid was 238.50 and the average number of students transported on a regular basis (ADT) ineligible to be counted for state transportation aid was 74.00.
- 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.
- E. Actual odometer records show the total District operated and contracted mileage for the year was 105,772. Of this total, the eligible non-disabled and students with disabilities route miles combined were 75,532 and the ineligible non-route and disapproved miles combined were 30,240.
- F. The District operated the school transportation system for 173 days during this school year.

There were no findings noted above.

LONE JACK C-6 SCHOOL DISTRICT
 SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID
 Year Ended June 30, 2013

	District Owned	Contracted	Disabled Transportation District Owned	Total
Administrative salaries	\$ -	\$ 6,528	\$ -	\$ 6,528
Non-certified salaries	40,401	-	8,344	48,745
Employee benefits	2,828	-	637	3,465
Purchased services	9,711	136,500	-	146,211
Supplies	1,495	47,489	2,006	50,990
Depreciation	1,813	-	-	1,813
	<u>\$ 56,248</u>	<u>\$ 190,517</u>	<u>\$ 10,987</u>	<u>\$ 257,752</u>