

AFFTON SCHOOL DISTRICT
ST. LOUIS, MISSOURI
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2014

**AFFTON SCHOOL DISTRICT
ST. LOUIS, MISSOURI**

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ST. LOUIS, MISSOURI**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To The Members of the Board of Education
Affton School District

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Affton School District ("District"), Missouri, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I; 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.

Auditor's 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 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 modified cash basis financial position of the governmental activities and each major fund of the District as of June 30, 2014, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note I.

Emphasis of Matters

As described in Note VIII to the financial statements in 2014, the District has adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

Basis of Accounting

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

Other Matters

Report on Supplementary and Other 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, Budgetary Comparison Schedules and Schedule of Expenditures of Federal Awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedules presented on pages 28 through 32 and the Schedule of Expenditures of Federal Awards presented on page 44 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, the Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management's Discussion and Analysis on pages 3 through 10 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 December 22, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI
December 22, 2014

**AFFTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Unaudited)**

This discussion and analysis of Affton School District's financial performance provides the reader with a narrative overview of the District's financial activities for the fiscal year ended June 30, 2014. Discussion and analysis is intended to serve as an introduction to the District's financial performance as a whole. Please read this narrative in conjunction with the financial statements and the accompanying notes to the financial statements.

Financial Highlights

Key financial highlights for 2013-2014 include:

- The General (Incidental) Fund had revenue of \$22,896,885, expenditures of \$11,375,118 and fund transfers out of \$12,600,000. The General Fund balance decreased \$1,078,232 from the prior year.
- The Special Revenue (Teachers) Fund had revenue of \$3,879,129 plus fund transfers in from the General Fund of \$12,600,000 and expenditures of \$16,430,357. The Special Revenue (Teachers) Fund balance increased \$48,771 from the prior year.
- Combined operating funds, General and Special Revenue (Teachers) Funds, had revenue of \$26,776,014 and expenditures of \$27,805,475. Combined fund balances in all operating funds decreased \$1,029,461 from the prior year.
- The Capital Projects Fund had revenue of \$2,883,764 and expenditures of \$3,376,660. The Capital Projects Fund balance decreased \$492,895 from the prior year.
- The District's outstanding Lease Purchase Obligations at June 30, 2014, totaled \$17,837,602, a decrease of \$119,649 from the prior year.

Using this Other Comprehensive Basis of Accounting Report (OCBOA)

This annual report consists of a series of financial statements and notes to those statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Affton School District as a whole and present a longer-term view of the District's finances. For governmental activities, fund statements tell how these services were financed in the short term as well as what remains for future spending. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the audit report segregates the many funds used by the District to provide programs and activities, the statements presenting the "District As A Whole" combine all financial transactions and ask the question, "Overall, how did the District perform financially during the 2013-2014 fiscal year?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all significant assets and liabilities using the cash basis of accounting, which is an Other Comprehensive Basis of Accounting than Generally Accepted Accounting Principles. The District prepares its financial statements on the cash basis of accounting; consequently, revenues are recognized when received rather than when earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

**AFFTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Unaudited)**

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in Missouri, required educational programs and other factors.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General (Incidental) Fund, Special Revenue (Teachers) Fund, Debt Service Fund, and Capital Projects Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These statements include all significant assets and liabilities using the cash basis of accounting, which is an Other Comprehensive Basis of Accounting than Generally Accepted Accounting Principles. The District's policy is to prepare its financial statements on the cash basis of accounting; consequently, revenues are recognized when received rather than when earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**AFFTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Unaudited)**

The School District as a Whole

The Statement of Net Position provides a perspective of the District as a whole, comparing the School District's net position for fiscal years 2013 and 2014.

NET POSITION

	2013	2014
	Governmental Activities	Governmental Activities
Assets		
Cash and Cash Investments	<u>\$ 8,253,640</u>	<u>\$ 6,124,589</u>
Total Assets	\$ 8,253,640	\$ 6,124,589
Liabilities		
Payroll Liabilities	<u>1,007,398</u>	<u>400,704</u>
Total Liabilities	1,007,398	400,704
Net Position		
Restricted for:		
ECE Funds	352,923	352,923
Assigned to:		
Capital Projects	493,370	474
Special Revenue	214	48,986
Unrestricted	<u>6,399,735</u>	<u>5,321,502</u>
Total Net Position	<u>\$ 7,246,242</u>	<u>\$ 5,723,885</u>

Total assets of governmental activities decreased by \$1,522,357. Cash and Cash Investments decreased \$2,129,051.

**AFFTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Unaudited)**

The Statement of Changes in Net Position compares cash inflows and cash outflows for fiscal years 2013 and 2014.

CHANGES IN NET POSITION

	2013	2014
Revenue		
Local	\$ 25,234,248	\$ 25,198,058
County	373,802	398,932
State	3,138,971	3,118,697
Federal	1,053,815	924,279
Other	<u>10,252</u>	<u>19,810</u>
Total Revenue	\$ 29,811,088	\$ 29,659,779
Expenditures		
Instruction	\$ 16,671,434	\$ 16,462,877
Support Services	10,403,121	11,964,784
Facilities Acquisition & Construction	663,862	0
Debt Service	1,299,443	1,645,529
Community Services	<u>880,045</u>	<u>1,108,947</u>
Total Expenditures	<u>\$ 29,917,905</u>	<u>\$ 31,182,137</u>
Change In Net Position	<u>\$ (106,817)</u>	<u>\$ (1,522,358)</u>

Governmental Activities

Revenues and Other Financing Sources for the District's governmental activities decreased \$151,309, or 0.5%, while total expenditures increased \$1,264,232, or 4.06%.

Significant changes for 2013-2014 that impacted District financial results are as follows:

- Property tax revenue (all funds combined) decreased approximately \$37,190, or -0.1%.
- Funding from the State of Missouri declined approximately \$20,000.
- Media Services had increase of expenditures to \$1,215,705 due to the implementation of a 1-to-1 curriculum at the high school. The funds were used to purchase Chromebooks for all high school students.
- One-time expenditures for capital projects for facilities decreased approximately \$885,522 to \$257,436 due to the use of capital lease funds.
- Debt service payments of interest and principal on leasehold revenue bonds increased \$435,185 to \$1,641,120.

Instructional expenditures comprise 52.8% of total District expenditures, Support Services expenditures comprise 38.3% of total District expenditures and Non-Instruction/Support Services comprise 8.8% of total District expenditures.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2013 and 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**AFFTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Unaudited)**

FY 2014 STATEMENT OF ACTIVITIES

Cost of Services	<u>Total Cost Of Programs</u>	<u>Net Cost Of Programs</u>
Instruction	\$ 16,462,876	\$ 13,091,661
Guidance	1,111,134	1,111,134
Health, Psych, Speech	264,183	264,183
Improvement of Instruction	287,670	239,710
Professional Development	62,946	62,946
Media Service	2,183,620	2,183,620
Board of Education	137,155	137,155
Executive Administration	606,061	606,061
Building Level Administration	1,550,513	1,550,513
Business, Fiscal Services	608,656	608,656
Operation of Plant	3,248,805	3,248,805
Security Services	115,268	115,268
Pupil Transportation	780,747	648,278
Food Services	898,617	38,106
Central Office Support	36,965	36,965
Community Services	1,108,946	277,864
Capital Outlay	0	0
Debt Service	<u>1,641,120</u>	<u>1,641,120</u>
Totals	<u>\$ 31,182,135</u>	<u>\$ 25,938,898</u>

Instructional expenditures include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Student Services expenditures include activities related to attendance, guidance, health, psychological, speech and audio assistance.

Instructional Staff Support expenditures include activities involved with assisting staff with the content and process of teaching to pupils.

Building Administration expenditures relate to the administration of the individual school buildings. These expenditures provide for the building instructional leadership from the school principals and assistant principals. Also included are expenditures for site administrative support to run the day-to-day operations of each building.

Executive Administration and Business Services include expenditures associated with administrative and financial supervision of the district. It also includes expenditures related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public. Finally it includes the support for the Student Services department and Human Resource department of the district.

Operation of Plant expenditures involves keeping the school grounds, buildings, and equipment in effective working condition. Transportation expenditures involve those activities associated with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

**AFFTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Unaudited)**

Food Services expenditures relate to the preparation, delivery, and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities.

Community Services includes expenditures related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement. These services also include our early childcare programs and elementary before and after school care program.

Facility Acquisition and Construction includes those expenditures relating to the construction of, renovation of, or equipping of any district building.

Interest and Fiscal Charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. Governmental activities are supported approximately 84.9% through local revenues, with approximately 80.2% support provided by local taxes. Thus, the local community provides primary financial support for the Affton School District.

The School District's Funds

The School District's major funds are accounted for using the cash basis of accounting. All governmental funds had total revenues and other financing sources of \$29,659,779 and expenditures of \$31,182,135. The net decrease in combined fund balances for the year was \$1,522,356. The General Fund Balance decreased \$1,078,232, the Special Revenue (Teachers) Fund increased \$48,771 and the Capital Projects (Building) Fund decreased \$492,895.

All Operating Funds Combined (General, Special Revenue, Food Service, Student Activities, and Community Services) Budgeting Highlights

The District's budget is prepared according to Missouri law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The District uses site-based budgeting and the budgeting system is designed to tightly control total site budgets but provide flexibility for site management.

Capital Assets

The District has chosen to exclude monies invested in land, buildings, furniture and equipment, and vehicles in the Fiscal 2014 financial statements.

**AFFTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Unaudited)**

Debt Administration

At June 30, 2014, the School District had \$16,677,602 in leasehold revenue bonds, due in varying amounts with interest rate charges over 18 years. The purpose of leasehold revenue bonds was to construct, equipment, and renovate all of the buildings in the District.

	Amount
Outstanding Debt at June 30, 2013	
\$12,187,603 Certificate of Participation, Series 2011	\$ 10,567,603
\$ 7,270,000 Certificate of Participation, Series 2012	<u>7,270,000</u>
 TOTAL	 <u><u>\$ 17,837,603</u></u>

	Amount
Outstanding Debt at June 30, 2014	
\$12,187,603 Certificate of Participation, Series 2011	\$ 9,717,602
\$ 7,270,000 Certificate of Participation, Series 2012	<u>6,960,000</u>
 TOTAL	 <u><u>\$ 16,677,602</u></u>

Current Financial Issues and Concerns

The Affton School District is financially stable. The local community proudly supports public schools.

The main financial concerns that confront the District, include:

- The strong reliance on property tax revenue presents a situation whereby this revenue source generally grows less than the rate of inflation. Meanwhile, the District's expenditures for labor, services and supplies generally grow at rates equal to or greater than the rate of inflation.
- The Voluntary Desegregation Program (VTS), which allows certain students to attend the District, is nearing the end of its planned existence. Approximately 2% of the District's operating funds are provided via this program.
- The unpredictability of education funding in the State of Missouri.

In conclusion, the Affton School District is committed to financial excellence. The District's system of financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show District accountability for the money it receives and spends. If you have questions about this report or need additional financial information contact Steven Fedchak, Director of Business Affairs, (314) 633-5922.

**AFFTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Unaudited)**

Description of the School District and Reporting Entity

Affton School District (the District) was established in 1855 under the Statutes of the State of Missouri. The District operates as a "six director" district (with seven members of the Board of Education) as described in RSMo Chapter 162.

The School District located in St. Louis County serves an area of approximately 6.5 square miles. The District is staffed by 117 non-certificated employees, 185 certificated full-time teaching personnel, and 13 administrative employees who provide services to nearly 2,500 students and other community members. The School District currently operates one pre-school, two elementary schools (K-5), one middle school (6-8) and one high school (9-12).

BASIC FINANCIAL STATEMENTS

Affton School District
Statement of Net Position - Modified Cash Basis
As of June 30, 2014

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,827,665.69
Investments	2,944,000.00
	5,771,665.69
TOTAL CURRENT ASSETS	
Restricted Assets:	
Early Childhood Education	
Cash	352,923.39
	352,923.39
TOTAL RESTRICTED ASSETS	
	6,124,589.08
LIABILITIES	
Payroll Liabilities	400,704.10
	400,704.10
TOTAL CURRENT LIABILITIES	
NET POSITION	
Restricted For:	
Early Childhood Education	352,923.39
Unrestricted	5,370,961.59
	5,723,884.98
TOTAL NET POSITION	
	\$ 6,124,589.08

The notes to the financial statements are an integral part of this statement.

Affton School District
Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction	\$ 16,462,876.70	\$ -	\$ 3,371,215.35	\$ (13,091,661.35)
Attendance	62,279.65	-	-	(62,279.65)
Guidance	1,048,854.58	-	-	(1,048,854.58)
Health, Psych Speech and Audio	264,183.70	-	-	(264,183.70)
Improvement of Instruction	287,670.10	-	47,959.20	(239,710.90)
Professional Development	62,946.04	-	-	(62,946.04)
Media Services (Library)	2,183,620.34	-	-	(2,183,620.34)
Board of Education Services	137,155.21	-	-	(137,155.21)
Executive Administration	606,061.71	-	-	(606,061.71)
Building Level Administration	1,550,513.28	-	-	(1,550,513.28)
Business Central Service	608,656.75	-	-	(608,656.75)
Operation of Plant	3,248,805.54	-	-	(3,248,805.54)
Security Services	115,268.62	-	-	(115,268.62)
Pupil Transportation	780,747.29	-	132,469.00	(648,278.29)
Food Services	898,617.44	369,177.57	491,333.46	(38,106.41)
Central Office Support Services	36,965.01	-	-	(36,965.01)
Other Supporting Services	72,438.12	-	-	(72,438.12)
Community Services	1,108,946.69	831,082.55	-	(277,864.14)
Debt Service:				
Principal Retirement	1,160,000.00	-	-	(1,160,000.00)
Interest and Fiscal Charges	485,529.16	-	-	(485,529.16)
Total Governmental Activities	\$ 31,182,135.93	\$ 1,200,260.12	\$ 4,042,977.01	\$ (25,938,898.80)
 General revenues:				
Property taxes, levied for general purposes				20,560,701.88
Other taxes				1,077,342.54
Prop C - Sales tax				2,014,980.10
Interest and investment earnings				6,775.16
Miscellaneous				746,266.21
Subtotal, general revenues				24,416,541.93
 Change in net position				 (1,522,356.87)
 Net position July 1, 2013				 <u>7,246,241.85</u>
 Net position June 30, 2014				 <u>\$ 5,723,884.98</u>

The notes to the financial statements are an integral part of this statement.

Afton School District
Balance Sheet - Modified Cash Basis
All Governmental Funds
As of June 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents (Note II)	\$ 2,778,206.26	\$ 48,985.64	\$ 473.79	\$ 2,827,665.69
Investments	2,944,000.00	-	-	2,944,000.00
Cash - Restricted for Early Childhood Education	352,923.39	-	-	352,923.39
Total Assets	<u>\$ 6,075,129.65</u>	<u>\$ 48,985.64</u>	<u>\$ 473.79</u>	<u>\$ 6,124,589.08</u>
LIABILITIES AND FUND BALANCES				
Payroll Liabilities	400,704.10	-	-	400,704.10
Total Liabilities	<u>400,704.10</u>	-	-	<u>400,704.10</u>
Fund Balances:				
Restricted for:				
Early Childhood Education Funds	352,923.39	-	-	352,923.39
Committed for:				
Stabilization Reserve	-	-	-	-
Assigned to:				
Capital Projects	-	-	473.79	473.79
Special Revenue	-	48,985.64	-	48,985.64
Unassigned	5,321,502.16	-	-	5,321,502.16
Total Fund Balances	<u>5,674,425.55</u>	<u>48,985.64</u>	<u>473.79</u>	<u>5,723,884.98</u>
Total Liabilities and Fund Balances	<u>\$ 6,075,129.65</u>	<u>\$ 48,985.64</u>	<u>\$ 473.79</u>	<u>\$ 6,124,589.08</u>

The notes to the financial statements are an integral part of this statement.

Affton School District
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
All Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Local Sources	\$ 21,240,532.05	\$ 1,132,439.54	\$ 2,825,087.29	\$ 25,198,058.88
County Sources	303,304.84	47,426.84	48,201.02	398,932.70
State Sources	460,310.02	2,658,387.23	-	3,118,697.25
Federal Sources	883,404.18	40,875.58	-	924,279.76
TOTAL REVENUES	22,887,551.09	3,879,129.19	2,873,288.31	29,639,968.59
Expenditures				
Current				
Regular Instruction	3,083,426.41	13,243,774.48	135,675.81	16,462,876.70
Attendance	62,279.65	-	-	62,279.65
Guidance	191,128.20	857,726.38	-	1,048,854.58
Health, Psych Speech & Audio	264,183.70	-	-	264,183.70
Improvement of Instruction	118,031.60	169,638.50	-	287,670.10
Professional Development	57,111.68	5,834.36	-	62,946.04
Media Services	511,559.96	456,354.89	1,215,705.49	2,183,620.34
Board of Education Services	137,155.21	-	-	137,155.21
Executive Administration	370,694.47	235,367.24	-	606,061.71
Building Level Administration	375,106.82	1,172,943.38	2,463.08	1,550,513.28
Business Central Services	608,455.40	-	201.35	608,656.75
Operation of Plant	2,991,368.68	-	257,436.86	3,248,805.54
Security Services	115,268.62	-	-	115,268.62
Pupil Transportation	661,098.90	-	119,648.39	780,747.29
Food Service	898,617.44	-	-	898,617.44
Central Office Support Services	36,965.01	-	-	36,965.01
Other Supporting Services	72,438.12	-	-	72,438.12
Community Services	820,228.15	288,718.54	-	1,108,946.69
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	1,160,000.00	1,160,000.00
Interest and Charges	-	-	485,529.16	485,529.16
Total Expenditures	11,375,118.02	16,430,357.77	3,376,660.14	31,182,135.93
Excess (deficiency) of revenues over expenditures	11,512,433.07	(12,551,228.58)	(503,371.83)	(1,542,167.34)
Other Financing Sources (Uses):				
Transfers	(12,600,000.00)	12,600,000.00	-	-
Sale of Bonds	-	-	10,476.04	10,476.04
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	9,334.43	-	-	9,334.43
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	(12,590,665.57)	12,600,000.00	10,476.04	19,810.47
NET CHANGE IN FUND BALANCES	(1,078,232.50)	48,771.42	(492,895.79)	(1,522,356.87)
Fund Balances, July 1, 2013	6,752,658.05	214.22	493,369.58	7,246,241.85
Fund Balances, June 30, 2014	\$ 5,674,425.55	\$ 48,985.64	\$ 473.79	\$ 5,723,884.98

The notes to the financial statements are an integral part of this statement.

Affton School District
Reconciliation of the Governmental Funds Balance Sheet
With the Statement of Net Position - Modified Cash Basis
June 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Total Fund Balance - Governmental Funds	\$ 5,723,884.98
There are no items of reconciliation.	<u>-</u>
Total Net Position - Governmental Activities	<u><u>\$ 5,723,884.98</u></u>

The notes to the financial statements are an integral part of this statement.

Affton School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances with the Government-Wide Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2014

Total net change in fund balances - governmental funds	\$ (1,522,356.87)
There are no items of reconciliation.	<u>-</u>
Change in net position of governmental activities	<u><u>\$ (1,522,356.87)</u></u>

The notes to the financial statements are an integral part of this statement.

**AFFTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

As discussed further in Note I, these financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Principles Determining the Scope of Reporting Entity

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

Additionally, while the parent-teacher organizations of the District’s schools are organizations that provide financial support exclusively to the District, they are not required to be included as a component unit because the amount of financial support provided is of a de minimis nature.

Fund Accounting

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

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

**AFFTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Debt Service Fund: Accounts for the accumulation of resources for and the payment of, principal, interest and fiscal charges on general long-term debt.

Basis of Presentation

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 financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* include (a) charges paid by the students for tuition, fees, or goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as *program revenues* are presented as general revenues and include all property taxes. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

**AFFTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position or balance sheet cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments and short-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and other accrued revenue and receivables) and certain liabilities and their related expense or expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event (such as donated assets and postemployment benefit obligations) are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types (if any) would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Pooled Cash and Temporary Investments

Cash resources are combined to form a pool of cash and temporary investments which is managed by the District Treasurer, except resources from the Debt Service Fund, as state law requires these deposits to be separately maintained.

The District may invest in United States Treasury-bills, notes, bonds, government agency and instrumentally obligations, repurchase agreements collateralized by government securities, time certificates of deposit, bankers' acceptances issued by domestic commercial banks, and commercial paper issued by domestic corporations.

Interest income earned is allocated to contributing funds based on each funds' proportionate share of funds invested. In addition, see Note II, Cash and Investments.

Restricted Assets

Restricted assets represent amounts whose use is limited by legal requirements.

**AFFTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy 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:

- Nonspendable Fund Balance consists of funds that cannot be spent due to their form (e.g., inventories and prepaids) or funds that legally or contractually must be maintained intact. The District did not have any nonspendable resources as of June 30, 2014.
- Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District held bonds and are restricted through debt covenants.
- Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision making authority which is the Board of Education. Formal action must be taken prior to the end of the fiscal year, such as a vote from the Board of Education. 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 which is the Board of Education, or a body or official, like the Superintendent, that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance. This classification includes the remaining positive fund balance of all governmental funds except for the General Fund.
- Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

As of June 30, 2014, fund balance components other than unassigned fund balances consist of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund	\$ -	\$ 352,923.39	\$ -	\$ -
Special Revenue/ (Teacher) Fund	-	-	-	48,985.64
Debt Service Fund	-	-	-	-
Capital Projects Fund	-	-	-	473.79
Total	<u>\$ -</u>	<u>\$ 352,923.39</u>	<u>\$ -</u>	<u>\$ 49,459.43</u>

**AFFTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Interfund Activity

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

Compensated Absences

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Amounts that are unpaid and which are vested in the employee are paid at termination. Total vested and unpaid sick and vacation leave at June 30, 2014, amounted to approximately \$367,275.72. At June 30, 2014, one person was on COBRA with the District.

Salaries

The salary payment schedule of the District for the 2013-14 school year involves the payment of salaries over a twelve month period. Consequently, the July and August, 2014 payroll checks are included in the accompanying financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

**AFFTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

II. CASH AND INVESTMENTS

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

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2014, the carrying amount of the District's deposits was \$6,124,589.08 and the bank balance was \$7,106,938.80. Of the bank balance, \$250,000.00 was covered by federal depository insurance and \$6,856,938.80 was covered by collateral held at the Federal Reserve Bank and the District's safekeeping bank agent, in the District's name.

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

Deposits:

Demand Deposits	\$ 2,827,665.69
Restricted Cash	352,923.39
Investments – Certificates of Deposits	<u>2,944,000.00</u>
Total Cash	<u>\$ 6,124,589.08</u>

Credit Risk and Investment Interest Rate Risk

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 three years from the date of purchase or (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.

Non-negotiable certificates of deposit are not subject to interest rate risk, therefore their maturity rates are not provided.

The District has a repurchase agreement that sweeps the demand deposit accounts overnight between the business hours for short-term investments. The amount swept is deposited in the agent's account with a book entry on the agent's account in the name of the District. The amount that is on the agent's book is then invested by the Federal Reserve. The Federal Reserve invests these funds in government securities and treasuries. The investments the Federal Reserve invests in are all rated AAA. The interest plus the original amount swept from the account is then re-deposited in the District's demand deposit account at the start of business hours the next day for use by the District during business hours. The District also has term repurchase agreements.

Concentration of Investment Credit Risk

The District places no limitation on the amount it may invest in any one issuer.

**AFFTON SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2014**

III. TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31. All unpaid taxes become delinquent January 1, of the following year. The county collects the property taxes and remits them to the District on a monthly basis.

The District also receives sales tax collected by the State and remitted based on a prior year weighted average attendance. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year.

The assessed valuation of the tangible taxable property (including locally assessed railroad and utilities) for the calendar year 2013 for purposes of local taxation was:

REAL ESTATE	
Residential	\$ 259,092,510
Commercial	58,872,120
PERSONAL PROPERTY	
	56,369,850
TOTAL	\$ 374,334,480

The tax levy per \$100 of the assessed valuation of tangible taxable property for the fiscal year 2013-2014 for purposes of local taxation was:

	UNADJUSTED	ADJUSTED
General Fund	\$ 4.7236	\$ 4.7236
Special Revenue Fund	-	-
Debt Service Fund	-	-
Capital Project Fund	0.7059	0.7059
TOTAL	\$ 5.4295	\$ 5.4295

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2014, aggregated approximately 99.54 percent of the current assessment computed on the basis of the levy as shown above.

**AFFTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

IV. CERTIFICATES OF PARTICIPATION LEASE OBLIGATION

The following is a summary of changes in certificates of participation lease obligations for the year ended June 30, 2014:

Certificates of Participation Payable as of July 1, 2013	\$	17,837,602.90
Additions		-
Payments		<u>(1,160,000.00)</u>
 Certificates of Participation Payable as of June 30, 2014	 \$	 <u>16,677,602.90</u>

Certificates of Participation payable at June 30, 2014, consists of:

\$7,270,000 Certificate of Participation, Series 2012 due in varying annual principal installments ranging from \$310,000 to \$485,000 through March 1, 2032, interest rate is variable from 2.00% to 3.00%.....	\$	6,960,000.00
 \$12,187,602.90 Certificate of Participation, Series 2011 due in varying annual principal installments ranging from \$250,000 to \$1,090,000 through March 1, 2025, interest rate is variable from 2.000% to 3.875%		 <u>9,717,602.90</u>
 Total Certificates of Participation.....	 \$	 <u>16,677,602.90</u>

The annual requirements to pay all certificates of participation lease obligations as of June 30, 2014, including interest payments are as follows:

FISCAL YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2015	\$ 1,185,000.00	\$ 445,421.26	\$ 1,630,421.26
2016	1,210,000.00	421,721.26	1,631,721.26
2017	1,240,000.00	397,521.26	1,637,521.26
2018	1,270,000.00	370,901.26	1,640,901.26
2019	1,295,000.00	340,826.26	1,635,826.26
2020-2024	6,732,602.90	1,473,008.40	8,205,611.30
2025-2029	2,335,000.00	371,793.76	2,706,793.76
2030-2032	1,410,000.00	85,500.00	1,495,500.00
 TOTALS	 <u>\$ 16,677,602.90</u>	 <u>\$ 3,906,693.46</u>	 <u>\$ 20,584,296.36</u>

Certificates of Participation payments were made from the Capital Projects Fund.

**AFFTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

V. CAPITAL LEASES

The District entered into a capital lease agreement of \$549,000.00 for eleven new school buses as of June 1, 2009, for a term of sixty months which are to be paid semi annually along with varying interest rates. Annual payments made for the year ended June 30, 2014, were \$119,648.88. This capital lease was paid off during the June 30, 2014 year. Payments for the capital lease were made from the Capital Projects Fund.

VI. PENSION PLAN

Statement 27 of the Governmental Accounting Standards Board (GASB), *Accounting for Pensions by State and Local Governmental Employers*, requires public employers to provide detailed disclosure of pension information in financial statements and accompanying information.

PSRS/PEERS administers two separate pension plans as described below.

1. The District contributes to the Public School Retirement System of Missouri (PSRS) – PSRS is a mandatory cost-sharing multiple-employer defined benefit pension plan for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and some educational associations. PSRS provides service retirement, death and disability benefits to its members.

Statutes governing PSRS are found in Sections 169.010 - 169.141 and Sections 169.560 – 169.595 of RSMo.

PSRS members are required to contribute 14.5% during 2011-2012, 2012-2013 and 2013-2014. The employer districts were required to match this amount. The Board of Trustees sets the contribution rate based upon the recommendation of the system's actuary.

Total required employer contributions for PSRS are equal to 100% of employer charges. The school district's contributions to PSRS for the years ending June 30, 2014, 2013, and 2012 were \$2,041,316.42, \$1,983,364.25, and \$1,931,429.72.

2. The District also contributes to The Public Education Employee Retirement System of Missouri (PEERS) – PEERS is a mandatory cost-sharing multiple-employer defined benefit pension plan for non-certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and some educational associations. Employees of covered districts who work 20 or more hours per week on a regular basis and are not contributing members of PSRS must contribute to PEERS.

Statutes governing PEERS are found in Sections 169.600 – 169.715 and Sections 169.560 – 169.595 RSMo.

PEERS members were required to contribute 6.86% during 2011-2012, 2012-2013 and 2013-2014. The employer districts were required to match this amount. The Board of Trustees sets the contribution rate based upon the recommendation of the system's actuary.

**AFFTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

VI. PENSION PLAN (concluded)

Total required employer contributions for PEERS are equal to 100% of employer charges. The School District's contributions to PEERS for the years ending June 30, 2014, 2013 and 2012 were \$299,678.05, \$284,447.87, and \$263,357.10.

PSRS/PEERS issues a stand-alone Comprehensive Annual Financial Report. Interested parties may obtain a copy by writing to PSRS/PEERS, P.O. Box 268, Jefferson City, MO 65102 or by calling 800-392-6848. A copy may also be viewed online at <http://www.psrs-peers.org/Investments/AnnualReport.htm>.

VII. CONTINGENCIES

Litigation – The District is involved in pending lawsuits and claims as of June 30, 2014. No provision has been made in the financial statements for any loss that might arise in the event of an unfavorable outcome of these matters. District management believes that such litigation and claims will ultimately be resolved without material financial liability to the District. However, events could occur in the near term that would change this estimate materially.

Grant Audits – The District receives federal grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. The District is not aware of any noncompliance with federal or state provisions that might require the District to provide reimbursement.

Participation in Public Entity Risk Pools – The District is exposed to various risks of loss due to torts; theft to, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was joined together with approximately 473 other Missouri public school districts to form the Missouri United School Insurance Council (MUSIC). MUSIC is a public entity risk pool currently operating as a common risk management and insurance program.

The District does not pay premiums to purchase insurance policies, but pays an assessment to be a member of the self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. The calendar year 2014 assessment was \$379,348.00

The pooling agreement requires the pool to be self-sustaining. The District believes that it is not possible to estimate the range of contingent losses to be borne by the District.

VIII. CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**AFFTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

IX. POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note VI, the District allows employees who retire from the District to participate in the District's health, dental and vision plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District does not contribute any portion of retiree benefits.

The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand-alone financial report is not available for the plan. During the year, 103 previously employed individuals participated in the District's insurance plans and paid premiums totaling \$173,888.30.

X. INTERFUND TRANSFERS

Operating Transfers In/Out to Other Funds consists of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General (Incidental) Fund	\$ -	\$ 12,600,000.00
Special Revenue (Teachers) Fund	<u>12,600,000.00</u>	<u>-</u>
Total	<u>\$ 12,600,000.00</u>	<u>\$ 12,600,000.00</u>

Interfund transfers are performed to record amounts necessary to operate the special revenue funds.

XI. SUBSEQUENT EVENTS

There were no subsequent events to report as of the date of this audit report.

SUPPLEMENTARY INFORMATION

**Affton School District
Budgetary Comparison Schedule
Modified Cash Basis - General Fund
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
Revenues				
Local Sources	\$ 20,435,900.00	\$ 20,435,900.00	\$ 21,240,532.05	\$ 804,632.05
County Sources	267,000.00	267,000.00	303,304.84	36,304.84
State Sources	366,400.00	366,400.00	460,310.02	93,910.02
Federal Sources	810,750.00	810,750.00	883,404.18	72,654.18
TOTAL REVENUES	21,880,050.00	21,880,050.00	22,887,551.09	1,007,501.09
Expenditures				
Current				
Instruction	1,878,874.00	1,878,874.00	3,083,426.41	1,204,552.41
Attendance	62,792.00	62,792.00	62,279.65	(512.35)
Guidance	220,804.00	220,804.00	191,128.20	(29,675.80)
Health, Psych Speech & Audio	250,841.00	250,841.00	264,183.70	13,342.70
Improvement of Instruction	103,205.00	103,205.00	118,031.60	14,826.60
Professional Development	20,000.00	20,000.00	57,111.68	37,111.68
Media Services	528,087.00	528,087.00	511,559.96	(16,527.04)
Board of Education Services	114,474.00	114,474.00	137,155.21	22,681.21
Executive Administration	370,255.00	370,255.00	370,694.47	439.47
Building Level Administration	600,359.00	600,359.00	375,106.82	(225,252.18)
Business Central Services	516,478.00	516,478.00	608,455.40	91,977.40
Operation of Plant	2,766,124.00	2,766,124.00	2,991,368.68	225,244.68
Security Services	115,270.00	115,270.00	115,268.62	(1.38)
Pupil Transportation	591,114.00	591,114.00	661,098.90	69,984.90
Food Service	843,648.00	843,648.00	898,617.44	54,969.44
Central Office Support Services	100,390.00	100,390.00	36,965.01	(63,424.99)
Other Supporting Services	-	-	72,438.12	72,438.12
Community Services	860,444.00	860,444.00	820,228.15	(40,215.85)
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	9,943,159.00	9,943,159.00	11,375,118.02	1,431,959.02
Revenues Over (Under)				
Expenditures	11,936,891.00	11,936,891.00	11,512,433.07	(424,457.93)
Other Financing Sources (Uses):				
Transfers	(12,600,000.00)	(12,600,000.00)	(12,600,000.00)	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	9,334.43	9,334.43
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	(12,600,000.00)	(12,600,000.00)	(12,590,665.57)	9,334.43
NET CHANGE IN FUND BALANCE	(663,109.00)	(663,109.00)	(1,078,232.50)	(415,123.50)
Fund Balance, July 1, 2013	6,752,658.05	6,752,658.05	6,752,658.05	-
Fund Balance, June 30, 2014	\$ 6,089,549.05	\$ 6,089,549.05	\$ 5,674,425.55	\$ (415,123.50)

**Affton School District
Budgetary Comparison Schedule
Modified Cash Basis - Special Revenue Fund
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
Revenues				
Local Sources	\$ 1,287,000.00	\$ 1,287,000.00	\$ 1,132,439.54	\$ (154,560.46)
County Sources	30,000.00	30,000.00	47,426.84	17,426.84
State Sources	2,960,800.00	2,960,800.00	2,658,387.23	(302,412.77)
Federal Sources	-	-	40,875.58	40,875.58
TOTAL REVENUES	4,277,800.00	4,277,800.00	3,879,129.19	(398,670.81)
Expenditures				
Current				
Instruction	13,107,960.00	13,107,960.00	13,243,774.48	135,814.48
Attendance	-	-	-	-
Guidance	957,551.00	957,551.00	857,726.38	(99,824.62)
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	92,280.00	92,280.00	169,638.50	77,358.50
Professional Development	127,251.00	127,251.00	5,834.36	(121,416.64)
Media Services	448,050.00	448,050.00	456,354.89	8,304.89
Board of Education Services	-	-	-	-
Executive Administration	205,116.00	205,116.00	235,367.24	30,251.24
Building Level Administration	1,179,729.00	1,179,729.00	1,172,943.38	(6,785.62)
Business Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Security Services	-	-	-	-
Pupil Transportation	-	-	-	-
Food Service	-	-	-	-
Central Office Support Services	-	-	-	-
Other Supporting Services	-	-	-	-
Community Services	-	-	288,718.54	288,718.54
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Charges	-	-	-	-
Total Support Services	16,117,937.00	16,117,937.00	16,430,357.77	312,420.77
Revenues Over (Under)				
Expenditures	(11,840,137.00)	(11,840,137.00)	(12,551,228.58)	(711,091.58)
Other Financing Sources (Uses):				
Transfers	12,600,000.00	12,600,000.00	12,600,000.00	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	12,600,000.00	12,600,000.00	12,600,000.00	-
NET CHANGE IN FUND BALANCE	759,863.00	759,863.00	48,771.42	711,091.58
Fund Balance, July 1, 2013	214.22	214.22	214.22	-
Fund Balance, June 30, 2014	\$ 760,077.22	\$ 760,077.22	\$ 48,985.64	\$ 711,091.58

**Affton School District
Budgetary Comparison Schedule
Modified Cash Basis - Debt Service Fund
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
Revenues				
Local Sources	\$ -	\$ -	\$ -	\$ -
County Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUES	-	-	-	-
Expenditures				
Current				
Instruction	-	-	-	-
Attendance	-	-	-	-
Guidance	-	-	-	-
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	-	-	-	-
Professional Development	-	-	-	-
Media Services	-	-	-	-
Board of Education Services	-	-	-	-
Executive Administration	-	-	-	-
Building Level Administration	-	-	-	-
Business Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Security Services	-	-	-	-
Pupil Transportation	-	-	-	-
Food Service	-	-	-	-
Central Office Support Services	-	-	-	-
Other Supporting Services	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	-	-	-	-
Revenues Over (Under)				
Expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance, July 1, 2013	-	-	-	-
Fund Balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -

Affton School District
Budgetary Comparison Schedule
Modified Cash Basis - Capital Projects Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
Revenues				
Local Sources	\$ 3,004,500.00	\$ 3,004,500.00	\$ 2,825,087.29	\$ (179,412.71)
County Sources	45,000.00	45,000.00	48,201.02	3,201.02
State Sources	-	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUES	3,049,500.00	3,049,500.00	2,873,288.31	(176,211.69)
Expenditures				
Current				
Instruction	105,000.00	105,000.00	135,675.81	30,675.81
Attendance	-	-	-	-
Guidance	500.00	500.00	-	(500.00)
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	-	-	-	-
Professional Development	-	-	-	-
Media Services	1,250,000.00	1,250,000.00	1,215,705.49	(34,294.51)
Board of Education Services	-	-	-	-
Executive Administration	-	-	-	-
Building Level Administration	4,500.00	4,500.00	2,463.08	(2,036.92)
Business Central Services	1,000.00	1,000.00	201.35	(798.65)
Operation of Plant	236,500.00	236,500.00	257,436.86	20,936.86
Security Services	-	-	-	-
Pupil Transportation	125,000.00	125,000.00	119,648.39	(5,351.61)
Food Service	-	-	-	-
Central Office Support Services	-	-	-	-
Other Supporting Services	500.00	500.00	-	(500.00)
Community Services	500.00	500.00	-	(500.00)
Capital Outlay	-	-	-	-
Debt Service:				
Principal	1,160,000.00	1,160,000.00	1,160,000.00	-
Interest and Charges	485,122.00	482,155.00	485,529.16	3,374.16
Total Support Services	3,368,622.00	3,365,655.00	3,376,660.14	11,005.14
Revenues Over (Under)				
Expenditures	(319,122.00)	(316,155.00)	(503,371.83)	(187,216.83)
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Sale of Bonds	-	-	10,476.04	10,476.04
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	-	-	10,476.04	10,476.04
NET CHANGE IN FUND BALANCE	(319,122.00)	(316,155.00)	(492,895.79)	(176,740.79)
Fund Balance, July 1, 2013	493,369.58	493,369.58	493,369.58	-
Fund Balance, June 30, 2014	\$ 174,247.58	\$ 177,214.58	\$ 473.79	\$ (176,740.79)

Affton School District
Budgetary Comparison Schedule
Modified Cash Basis - All Governmental Funds
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Local Sources	\$ 24,727,400.00	\$ 24,727,400.00	\$ 25,198,058.88	\$ 470,658.88
County Sources	342,000.00	342,000.00	398,932.70	56,932.70
State Sources	3,327,200.00	3,327,200.00	3,118,697.25	(208,502.75)
Federal Sources	810,750.00	810,750.00	924,279.76	113,529.76
TOTAL REVENUES	29,207,350.00	29,207,350.00	29,639,968.59	432,618.59
Expenditures				
Current				
Instruction	15,091,834.00	15,091,834.00	16,462,876.70	1,371,042.70
Attendance	62,792.00	62,792.00	62,279.65	(512.35)
Guidance	1,178,855.00	1,178,855.00	1,048,854.58	(130,000.42)
Health, Psych Speech & Audio	250,841.00	250,841.00	264,183.70	13,342.70
Improvement of Instruction	195,485.00	195,485.00	287,670.10	92,185.10
Professional Development	147,251.00	147,251.00	62,946.04	(84,304.96)
Media Services	2,226,137.00	2,226,137.00	2,183,620.34	(42,516.66)
Board of Education Services	114,474.00	114,474.00	137,155.21	22,681.21
Executive Administration	575,371.00	575,371.00	606,061.71	30,690.71
Building Level Administration	1,784,588.00	1,784,588.00	1,550,513.28	(234,074.72)
Business Central Services	517,478.00	517,478.00	608,656.75	91,178.75
Operation of Plant	3,002,624.00	3,002,624.00	3,248,805.54	246,181.54
Security Services	115,270.00	115,270.00	115,268.62	(1.38)
Pupil Transportation	716,114.00	716,114.00	780,747.29	64,633.29
Food Service	843,648.00	843,648.00	898,617.44	54,969.44
Central Office Support Services	100,390.00	100,390.00	36,965.01	(63,424.99)
Other Support Services	500.00	500.00	72,438.12	71,938.12
Community Services	860,944.00	860,944.00	1,108,946.69	248,002.69
Capital Outlay	-	-	-	-
Debt Service:				
Principal	1,160,000.00	1,160,000.00	1,160,000.00	-
Interest and Charges	485,122.00	482,155.00	485,529.16	3,374.16
Total Expenditures	29,429,718.00	29,426,751.00	31,182,135.93	1,755,384.93
Revenues Over (Under)				
Expenditures	(222,368.00)	(219,401.00)	(1,542,167.34)	(1,322,766.34)
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Sale of Bonds	-	-	10,476.04	(10,476.04)
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	9,334.43	(9,334.43)
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	-	-	19,810.47	(19,810.47)
NET CHANGE IN FUND BALANCES	(222,368.00)	(219,401.00)	(1,522,356.87)	(1,302,955.87)
Fund Balances, July 1, 2013	7,246,241.85	7,246,241.85	7,246,241.85	-
Fund Balances, June 30, 2014	\$ 7,023,873.85	\$ 7,026,840.85	\$ 5,723,884.98	\$ (1,302,955.87)

**AFFTON SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2014**

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 June 30, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning 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 board meeting 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 on June 4, 2013, by the Board of Education.

6. Budgets are adopted on the cash basis of accounting for all Governmental Funds.

**AFFTON SCHOOL DISTRICT
OTHER POST-EMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2014**

POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note VI, the District allows employees who retire from the District to participate in the District's health, dental and vision plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District does not contribute any portion of retiree benefits.

The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand-alone financial report is not available for the plan. During the year, 103 previously employed individuals participated in the District's insurance plans and paid premiums totaling \$173,888.30.

STATE COMPLIANCE SECTION



INDEPENDENT ACCOUNTANT'S REPORT ON
MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED
REQUIREMENTS OF MISSOURI STATE LAWS AND REGULATIONS

To the Members of the Board of Education
Affton School District

Report on Compliance with State Requirements

We have examined management's assertions that the Affton School District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's records of average daily attendance and average daily transportation of pupils, and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2014.

Management's Responsibility

Management is responsible for the District's compliance with the aforementioned requirements.

Auditors' Responsibility

Our responsibility is to express an opinion on management's assertions about the District's compliance based on our examination. Our examination was made in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, 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 examination provides a reasonable basis for our opinion. Our opinion does not provide a legal determination on the District's compliance with specified requirements.

Opinion on Compliance with State Requirements

In our opinion, management's assertions that the Affton School District complied with the aforementioned requirements for the year ended June 30, 2014, are fairly stated, in all material respects. However, we noted immaterial instances of noncompliance as described in the Schedule of State Findings.

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

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 22, 2014

**AFFTON SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2014**

I. 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 – Full Day	<u>1,101.00</u>	Hours	Grades <u>1-6</u>	<u>1,101.00</u>	Hours
			Grades <u>7-8</u>	<u>1,084.00</u>	Hours
			Grades <u>9-12</u>	<u>1,052.43</u>	Hours

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

Kindergarten – Full Day	<u>175</u>	Days	Grades <u>1-6</u>	<u>175</u>	Days
			Grades <u>7-8</u>	<u>175</u>	Days
			Grades <u>9-12</u>	<u>175</u>	Days

II. AVERAGE DAILY ATTENDANCE (ADA)

<u>Regular Term</u>	<u>Full-Time & Part-Time</u>	<u>Remedial</u>	<u>Deseg In</u>	<u>Federal Lands</u>	<u>Total</u>	<u>Deseg Out</u>
Kindergarten – Full Day	167.2424	-	3.8282	-	171.0706	-
Grades <u>1-2</u>	325.0595	-	6.7824	-	331.8419	-
Grades <u>3-5</u>	490.3245	-	15.3883	-	505.7128	-
Grades <u>6-8</u>	480.1348	-	25.8403	-	505.9751	-
Grades <u>9-12</u>	697.4883	-	16.8999	-	714.3882	-
Subtotal Regular Term	<u>2,160.2495</u>	-	<u>68.7391</u>	-	<u>2,228.9886</u>	-
		<u>Resident</u>	<u>Deseg In</u>	<u>Federal Lands</u>	<u>Total</u>	
Summer School Subtotal		<u>24.9685</u>	<u>0.9675</u>	-	<u>25.9360</u>	-
Total Regular Term Plus Summer School ADA					<u>2,254.9246</u>	-

Notes: As of the report date, the St. Louis Public Schools is unable to provide desegregation out hours or membership.

**AFFTON SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2014**

III. SEPTEMBER MEMBERSHIP

	Full-Time & Part-Time	Deseg In	Federal Lands	Total	Deseg Out
September Membership FTE Count	2,262.43	72.14	-	2,334.57	8.00

Notes: _____

IV. FREE AND REDUCED PRICED LUNCH FTE COUNT (Section 163.011(6), RSMo)

	Full-Time & Part-Time	Deseg In	Total
State FTE Total			
Free	772.38	53.14	825.52
Reduced	138.14	2.00	140.14
Total	910.52	55.14	965.66

Notes: As of the report date, the St. Louis Public schools are unable to provide desegregation out hours membership.

V. 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 education 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

**AFFTON SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2014**

V. FINANCE (concluded)

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.	<u>TRUE</u>
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.	<u>TRUE</u>
H. The amount spent for approved professional development committee plan activities was:	<u>\$62,946.04</u>

VI. 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.	<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 the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
• Eligible ADT	<u>1,338.50</u>
• Ineligible ADT	<u>544.00</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 <u>and</u> contracted mileage for the year was:	<u>120,496</u>
Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route <u>and</u> disapproved miles (combined) was:	
• Eligible Miles	<u>93,027</u>
• Ineligible Miles (Non-Route/Disapproved)	<u>27,469</u>
F. Number of days the District operated the school transportation system during the regular school year:	<u>176</u>

**AFFTON SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2014**

I. CHAPTER 67 RSMO (BUDGET STATUTE)

Chapter 67 RSMO requires that in no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

II. COMPLIANCE REQUIREMENTS

Actual expenditures exceeded those budgeted in the General Revenue Fund, Special Revenue Fund and Capital Projects Fund.

FEDERAL COMPLIANCE SECTION



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

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education
Affton School District

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 the governmental activities and each major fund of Affton School District ("District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 22, 2014



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education
Affton School District

Report on Compliance for Each Major Federal Program

We have audited Affton School District's ("District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of 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 the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 22, 2014

**AFFTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014**

Cash Federal Expenditures

Federal Grantor Pass-through Grantor Program Title	Programs CFDA Number	Pass Through Identification Number	Expenditures
U.S. Department of Education Passed-through Missouri Department of Elementary and Secondary Education Title I	84.010A	096-098	\$ 276,170.48
Title II-A	84.367A	096-098	48,896.72
Title III, English Language Learners	84.365A	096-098	18,511.59
Total U.S. Department of Education			<u>343,578.79</u>
Vocational Perkins Grant	84.048A	096-098	29,364.89
U.S. Department of Agriculture Passed-through Missouri Department of Elementary and Secondary Education Child Nutrition Cluster National School Breakfast Program	10.553	096-098	99,897.56
National School Lunch Program	10.555	096-098	381,830.62
School Food Service Snack Program	10.555	096-098	1,203.37
Total U.S. Department of Agriculture			<u>482,931.55</u>
<u>Non-Cash Federal Expenditures</u>			
Passed Through State Department of Elementary and Secondary Education Donated Foods	10.555	096-098	39,451.21
Total Non-Cash Federal Expenditures			<u>39,451.21</u>
Total Child Nutrition Cluster			<u>522,382.76</u>
Total Federal Expenditures			<u><u>\$ 895,326.44</u></u>

The notes to the schedule of expenditures of federal awards are an integral part of this statement.

**AFFTON SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Affton School District. The Affton School District's reporting entity is defined in Note I to the District's accompanying financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies is included on the schedule.

NOTE 2 - BASIS OF PRESENTATION

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

NOTE 3 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the cash basis of accounting.

NOTE 4 - RELATIONSHIP TO ACCOMPANYING FINANCIAL STATEMENTS

Federal awards are reported in the District's accompanying financial statements as follows:

<u>Federal Sources</u>	
General Fund	\$ 883,404.18
Special Revenue Fund	40,875.58
Capital Projects Fund	-
	<u>\$ 924,279.76</u>

NOTE 5 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

NOTE 6 -MATCHING REVENUES

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 7 – NON-CASH PROGRAMS

The commodities received, which are non-cash revenues, are valued using prices provided by the United States Department of Agriculture.

NOTE 8 – SUBRECIPIENTS

The School District provided no federal awards to subrecipients during the year ended June 30, 2014.

**AFFTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? Yes No
 - b. Significant deficiency(ies) identified? Yes None Reported
3. Noncompliance material to financial statements noted? Yes No

B. Federal Awards

1. Internal control over major federal programs:
 - a. Material weakness(es) identified? Yes No
 - b. Significant Deficiency(ies) identified? Yes None Reported
2. Type of auditor's report issued on compliance for major federal programs: unmodified
3. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? Yes No

4. Identification of major federal programs:

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

5. Dollar threshold used to distinguish between type A and type B programs: \$ 300,000
6. Auditee qualified as low-risk auditee? Yes No

**AFFTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

II. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the year ended June 30, 2014.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2014.

**AFFTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

I. FINANCIAL STATEMENT FINDINGS – PRIOR YEAR

II. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the year ended June 30, 2013.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2013.