

**NEW ISSUE**

**S&P RATINGS: Program Rating: AA+**  
**District Underlying Rating: A+**  
**See "RATINGS" herein.**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (2) the interest on the Bonds is exempt from Missouri income taxation by the State of Missouri, and (3) the Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" in this Official Statement.*



**\$35,000,000**  
**JOPLIN SCHOOLS**  
**JOPLIN, MISSOURI**  
**GENERAL OBLIGATION SCHOOL BUILDING BONDS**  
**(MISSOURI DIRECT DEPOSIT PROGRAM)**  
**SERIES 2012**

**Dated: Date of Issuance**

**Due: March 1, as shown below**

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. The Bonds will be available for purchase in denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. DTC will receive all payments with respect to the Bonds from Commerce Bank, Kansas City, Missouri, as Paying Agent for the Bonds. DTC is required to remit such payments to DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. Semiannual interest will be payable on March 1 and September 1, beginning on March 1, 2013.

The Bonds and the interest thereon will constitute general obligations of the District, payable from ad valorem taxes, which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the District.

The Bonds or portions thereof maturing on March 1, 2023 and thereafter may be called for redemption and payment prior to maturity on March 1, 2022, and thereafter, in whole or in part at any time at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.

**MATURITY SCHEDULE**

**BASE CUSIP NO.: 48068T**

<b><u>Maturity</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>			<b><u>Maturity</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>		
<b><u>March 1</u></b>	<b><u>Amount</u></b>	<b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP</u></b>	<b><u>March 1</u></b>	<b><u>Amount</u></b>	<b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP</u></b>
2015	\$250,000	2.00%	0.65%	AA2	2024	\$ 250,000	3.00%	2.50%	AK0
2016	250,000	2.00	0.80	AB0	2025	250,000	3.00	2.65	AL8
2017	250,000	2.00	1.00	AC8	2026	250,000	3.00	2.75	AM6
2018	250,000	2.00	1.25	AD6	2027	250,000	3.00	2.85	AN4
2019	250,000	3.00	1.50	AE4	2028	5,500,000	4.00	2.95	AP9
2020	250,000	3.00	1.70	AF1	2029	5,800,000	4.00	3.00	AQ7
2021	250,000	3.00	1.90	AG9	2030	6,400,000	5.00	2.77	AR5
2022	250,000	3.00	2.10	AH7	2031	6,600,000	5.00	2.83	AS3
2023	250,000	3.00	2.25	AJ3	2032	7,450,000	3.125	3.20	AT1

*The Bonds are offered when, as and if issued by the District, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel. It is expected that the Bonds will be available for delivery in book-entry form through DTC, New York, New York on or about August 9, 2012.*

**George K. Baum & Company**

The date of this Official Statement is July 24, 2012

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## **JOPLIN SCHOOLS**

Joplin Administration Building  
3901 E. 32<sup>nd</sup> Street, Joplin, MO 64804  
P.O. Box 128, Joplin, MO 64801  
(417) 625-5200

### **Board of Education**

Randy Steele, President and Member  
Jeff Flowers, Vice President and Member  
Jim Kimbrough, Member  
Michael D. Landis, Member  
Anne Sharp, Member  
Dawn Sticklen, Member  
Phil Willcoxon, Member

Pat Waldo, Secretary  
Paul Barr, Treasurer

### **Administration**

Dr. C. J. Huff, Superintendent  
Dr. Angie Besendorfer, Assistant Superintendent  
Paul A. Barr, Chief Financial Officer

### **UNDERWRITER**

George K. Baum & Company  
Kansas City, Missouri

### **BOND COUNSEL**

Gilmore & Bell, P.C.  
Kansas City, Missouri

### **CERTIFIED PUBLIC ACCOUNTANTS**

Mense, Churchwell & Mense, P.C.  
Certified Public Accountants  
Joplin, Missouri

## **REGARDING USE OF THIS OFFICIAL STATEMENT**

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the District and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of that information.

In connection with this offering, the Underwriter may overallocate or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or under any state securities or “blue sky” laws. The Bonds are offered pursuant to an exemption from registration with the Securities and Exchange Commission.

### **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect the District’s current expectations, hopes, intentions, or strategies regarding the future. Such statements may be identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “intend” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENTS WILL PROVE TO BE ACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE DISTRICT ON THE DATE HEREOF, AND THE DISTRICT ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS SET FORTH IN **APPENDIX C**.

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## BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, which is provided for the convenience of potential investors and which should be reviewed in its entirety by potential investors.

District:	Joplin Schools, Joplin, Missouri
Issue:	\$35,000,000 General Obligation School Building Bonds (Missouri Direct Deposit Program), Series 2012
Dated Date:	Date of Issuance
Interest Payment Dates:	March 1 and September 1, beginning March 1, 2013
Principal Due:	Serially on March 1 in the years 2015 through 2032, as detailed on the front page of this Official Statement.
Optional Redemption:	The Bonds or portions thereof maturing on March 1, 2023 and thereafter may be called for redemption and payment prior to maturity on March 1, 2022, and thereafter, in whole or in part at any time at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.
Authorization:	The Bonds are authorized by a resolution of the Board of Education of the District pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Article VI, Section 26 of the Missouri Constitution and Chapters 108 and 164 of the Revised Statutes of Missouri, as amended.
Security:	The Bonds will be general obligations of the District and will be payable from ad valorem taxes which may be levied without limitations as to rate or amount upon all taxable property, real and personal, within the territorial limits of the District. See also the caption <b>“THE BONDS – Security and Sources of Payment For The Bonds; Direct Deposit of State Aid Payments”</b> herein.
Credit Ratings:	Standard & Poor’s ( <b>“S&amp;P”</b> ) will assign the Bonds the rating of <b>“AA+”</b> conditioned upon the execution and delivery of the Direct Deposit Agreement described under the caption <b>“THE BONDS – Security and Sources of Payment for the Bonds; Direct Deposit of State Aid Payments”</b> hereof. In addition, S&P will assign the Bonds an underlying rating of <b>“A+”</b> based on S&P’s evaluation of the credit worthiness of the District.
Purpose:	The Bonds are being issued for the purpose of acquiring, constructing, improving, furnishing and equipping school facilities, including a new Joplin High School/Franklin Technical Center, a new East Middle School, two new elementary schools and major repairs and improvements at a number of school facilities. The Bonds are being issued pursuant to a resolution adopted by the Board of Education, the governing body of the District. See the caption <b>“THE BONDS”</b> herein.
Tax Exemption:	Gilmore & Bell, P.C., Bond Counsel, will provide an opinion as to the tax exemption of the Bonds as discussed under <b>“TAX MATTERS”</b> in this Official Statement.
Not Bank Qualified:	The Bonds have not been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying Agent:	Commerce Bank, Kansas City, Missouri
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ( <b>“DTC”</b> ), New York, New York. DTC will act as securities depository of the Bonds.

## OFFICIAL STATEMENT

**\$35,000,000**  
**JOPLIN SCHOOLS**  
**JOPLIN, MISSOURI**  
**GENERAL OBLIGATION SCHOOL BUILDING BONDS**  
**(MISSOURI DIRECT DEPOSIT PROGRAM)**  
**SERIES 2012**

### INTRODUCTION

*This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.*

#### **Purpose of the Official Statement**

The purpose of this Official Statement is to furnish information relating to (1) Joplin Schools (the “**District**”), and (2) the General Obligation School Building Bonds (Missouri Direct Deposit Program), Series 2012 (the “**Bonds**”) of the District to be issued in the principal amount of \$35,000,000 and dated the date of issuance and delivery.

#### **The District**

The District is a school district organized and existing under the laws of the State of Missouri. For general, economic and financial information about the District, see **Appendix A**. Audited financial statements of the District, as of and for the year ended June 30, 2011, are included in **Appendix B**. The financial statements have been audited by Mense, Churchwell & Mense, P.C., independent certified public accountants, to the extent and for the period indicated in a report which is also included in **Appendix B**.

#### **Purpose of the Bonds; 2011 Tornado**

The Bonds are being issued for the purpose of paying a portion of the costs of acquiring, constructing, improving, furnishing and equipping school facilities, including a new Joplin High School/Franklin Technical Center, a new East Middle School, two new elementary schools and major repairs and improvements at a number of school facilities (the “**Project**”).

The primary purpose of the Project is to construct new facilities or repair and improve existing facilities to replace those facilities damaged or destroyed by one of the deadliest and most destructive tornadoes in the history of the United States, which struck the City of Joplin, Missouri, on May 22, 2011. This tornado tracked across the southern portion of the City causing significant numbers of injuries and deaths and demolishing thousands of buildings and homes. The tornado destroyed the Joplin High School, Franklin Technology Center, one middle school, two elementary schools and a second middle school being used as a transitional facility but vacant at the time. In addition, three additional elementary schools and the District’s administration building were damaged. For a more detailed discussion of the 2011 Tornado and its impact on the District, see the caption “**PLAN OF FINANCING – Impact of the 2011 Tornado.**”

The Bonds are the first installment of \$62,000,000 principal amount of general obligation bonds approved by voters at an election held on April 3, 2012. The Bonds are being issued pursuant to a resolution (the “**Bond Resolution**”) adopted by the Board of Education, the governing body of the District. See the caption “**THE BONDS**” herein.

## **Security and Source of Payment**

The Bonds will be general obligations of the District and will be payable from ad valorem taxes which may be levied without limitations as to rate or amount upon all taxable property, real and personal, within the territorial limits of the District. In addition, the District will enter into a Direct Deposit Agreement (hereinafter defined), whereby the District will pledge its State Aid to the payment of the Bonds. The Direct Deposit Agreement will require that a portion of the District's State Aid payments be transferred directly to the Deposit Trustee (hereinafter defined) which will, in turn, transfer amounts as needed to paying agent for the Bonds in order to provide for payment of debt service on the Bonds. See also the caption **"THE BONDS – Security and Sources of Payment for the Bonds; Direct Deposit of State Aid Payments."**

## **Other Outstanding Obligations Payable**

In addition to the Bonds, the District is obligated to meet from ad valorem taxes the principal and interest requirements on the District's other general obligation bonds as set forth in this Official Statement under **"DEBT STRUCTURE OF THE DISTRICT – Current Long-Term Indebtedness."**

## **Financial Statements**

Audited financial statements of the District, as of and for the year ended June 30, 2011, are included in **Appendix B** to this Official Statement. These financial statements have been audited by Mense, Churchwell & Mense, P.C., Certified Public Accountants, Joplin, Missouri, independent certified public accountants, to the extent and for the period indicated in the Independent Auditors' Report which is also included in **Appendix B**.

## **Continuing Disclosure Information**

The District has agreed to provide certain annual financial information and notices of certain events to the Municipal Securities Rulemaking Board via the Electronic Municipal Market Access system (**"EMMA"**), in accordance with Rule 15c2-12 promulgated by the Securities and Exchange Commission. See **"MISCELLANEOUS – Continuing Disclosure"** and **Appendix C: "Summary of the Continuing Disclosure Undertaking."**

## **Bond Ratings**

The District is expected to receive the ratings set forth on the cover page from Standard & Poor's on this issue. See the caption **"RATINGS"** herein.

# **PLAN OF FINANCING**

## **Authorization and Purpose of Bonds**

The Bonds are authorized pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Article VI, Section 26 of the Missouri Constitution and Chapters 108 and 164 of the Revised Statutes of Missouri, as amended. Issuance of the Bonds was approved by 57.68% (4,982 to 3,655) of the qualified voters of the District voting at an election held in the District on April 3, 2012. The Bonds are being issued pursuant to a resolution of the Board of Education of the District (the **"Bond Resolution"**) for the purposes described below.



## **The 2011 Tornado**

A devastating tornado struck the City of Joplin on May 22, 2011. The tornado was a massive EF5 multiple vortex tornado with winds over 200 mph (peaking at 225 to 250 mph). According to the local branch of the American Red Cross, approximately 25% of the City of Joplin was destroyed. The Missouri State Emergency Management Agency reported more than 990 injured and death toll from the tornado is 157. In addition to the tornado deaths, a policeman was struck by lightning and killed while assisting with recovery and cleanup efforts the day after the storm.

Ten Joplin School District facilities in several different locations were damaged or destroyed by the tornado. Since the tornado occurred on a Sunday, the schools were not in session at the time of the tornado. However, the 2011 high school senior graduation had concluded at Missouri Southern State University just a short time before the storm hit. The multiple schools and facilities owned and operated by the District that were damaged and/or destroyed, include:

1. Emerson Elementary School, 301 E. 19th Street, Joplin
2. Franklin Technology Center, 20th and Indiana, Joplin
3. Joplin High School, 20th and Indiana, Joplin
4. East Middle School, 4594 E. 20th Street, Joplin
5. Old Irving Elementary School, 311 Gabby Street Boulevard, Joplin
6. Old South Middle School, 22nd and Wall, Joplin
7. Roi S. Wood Administration Building, 1717 E. 15th Street, Joplin
8. Kelsey Norman Elementary School, 1323 E. 28th Street, Joplin
9. Cecil Floyd Elementary School, 2201 W. 24th Street, Joplin

In addition to schools that were damaged and/or destroyed by the tornado, the District intends to retrofit undamaged schools using FEMA Hazard Mitigation Grant Program (HMGP) funding to include FEMA Tornado Safe Shelters to provide near absolute level of protection to school occupants and adjacent community population. HMGP is a supplemental program that provides funding to states to reduce or eliminate threats to future disaster events. The District, in partnership with Federal and State Emergency Management Agencies and other involved stakeholders, implemented plans immediately to start providing temporary school facilities so that the school year that started in August 2011 would not be delayed. Debris removal commenced and professionals for design and repair of the school facilities were hired.

The following table shows the estimated repair or replacement costs of the various schools under insurance releases:

<u>School</u>	<u>Repair or Replacement Costs</u>
Emerson Elementary School	\$ 1,500,000
Franklin Technology Center	9,865,000
Joplin High School	44,818,891
East Middle School	15,540,000
Old Irving Elementary School	5,700,000
Old South Middle School	8,900,000
Roi S. Wood Administration Building	486,978
Kelsey Norman Elementary School	47,054
Cecil Floyd Elementary School	<u>2,354,008</u>
Total	\$89,211,931

## **The Project**

Proceeds of the Bonds and additional bonds expected to be issued in 2013 totaling \$62,000,000 will be used to pay a portion of the costs of acquiring, constructing, improving, furnishing and equipping school

facilities, to replace those facilities destroyed by the 2011 Tornado, to repair and replace those facilities damaged by the 2011 Tornado and to make improvements to other facilities, in particular the construction of community safe rooms. The following table shows expected sources of funding including the Bonds:

	(Millions)				
	Total Cost	Insurance (Est.)	Federal & State Funds	Donations	Bonds (2012/2013)
New Joplin High School/ Franklin Technical Center	\$104.0	\$54.8	\$10.5		\$38.7
New East Middle School	27.0	15.0	8.0		4.0
New Irving Elementary School	17.7	8.9	7.2		1.6
New Elementary School (East)	14.3	7.2	0.3	\$1.7	5.1
Community Safe Rooms	15.0		9.4		5.6
Elem. Sch. Repairs/Improvements	7.0				7.0
Totals	\$185.0	\$85.9	\$35.4	\$1.7	\$62.0

Construction of new facilities and repair and improvement of existing facilities is expected to be completed by the beginning of the school year in August 2014.

### Sources and Uses of Funds

The following table summarizes the use of proceeds from the sale of the Bonds:

#### *Sources of Funds:*

Proceeds of the Bonds	\$35,000,000
Net reoffering premium/original issue discount	<u>3,429,511</u>
Total	\$38,429,511

#### *Uses of Funds:*

Funds available for improvements	\$38,201,761
Costs of issuance for the Bonds	<u>227,750</u>
Total	\$38,429,511

## THE BONDS

*The following is a summary of certain terms and provisions of the Bonds. Reference is hereby made to the Bonds and the provisions with respect thereto in the Bond Resolution for the detailed terms and provisions thereof.*

### General Description

The Bonds will be issued in the principal amount shown on the cover page, will be dated the date of their issuance, and will consist of fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds will mature on March 1 in the years and in the principal amounts shown on the cover page of this Official Statement. Interest on the Bonds will be payable semiannually on March 1 and September 1 in each year, beginning on March 1, 2013.

Interest will be paid to the registered owners of the Bonds as shown on the registration books maintained by Commerce Bank, Kansas City, Missouri (the **“Paying Agent”**) at the close of business on the **“Record Date”** for payment of such interest, which Record Date is the 15<sup>th</sup> day (whether or not a business

day) of the calendar month next preceding an interest payment date, (a) by check or draft mailed by the Paying Agent to the address of such registered owners shown on the registration books of the Paying Agent, or (b) in the case of an interest payment to DTC or any successor securities depository, or to any registered owner of \$500,000 or more in aggregate principal amount of Bonds, by wire transfer to such registered owner upon written notice given to the Paying Agent by such registered owner, not less than 15 days prior to the Record Date for such interest, containing the wire transfer address (which shall be in the continental United States) including the bank ABA routing number and account number to which such registered owner wishes to have such wire directed. While the Bonds remain in book-entry only form, payments to Beneficial Owners (as defined herein) are governed by the rules of DTC as described in *Appendix D*. If DTC ceases to act as securities depository for the Bonds, payment may be made as described in the Bond Resolution.

### **Book-Entry Only System**

Ownership interests in the Bonds will be available to purchasers only through a book-entry only system (the “**Book-Entry Only System**”) described in *Appendix D*.

### **Registration, Transfer and Exchange of Bonds Upon Discontinuance of Book-Entry Only System**

If the Book-Entry Only System is discontinued the following provisions would apply: Each Bond when issued will be registered by the Paying Agent in the name of the owner thereof on the Bond Register. Bonds are transferable only upon the Bond Register upon presentation and surrender of the Bonds, together with instructions for transfer. Bonds may be exchanged for Bonds in the same aggregate principal amount and maturity upon presentation to the Paying Agent, subject to the terms, conditions and limitations set forth in the Bond Resolution and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, transfer or exchange.

### **Redemption Provisions**

***Optional Redemption.*** At the option of the District, the Bonds or portions thereof maturing on March 1, 2023 and thereafter may be called for redemption and payment prior to maturity on March 1, 2022 and thereafter, in whole or in part at any time at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.

***Selection of Bonds to be Redeemed.*** When less than all Bonds are to be redeemed, such Bonds shall be redeemed from maturities selected by the District, and Bonds of less than a full maturity shall be selected by the Paying Agent in multiples of \$5,000 principal amount by lot or in such other equitable manner as the Paying Agent may determine.

***Notice and Effect of Call for Redemption.*** Unless waived by any Registered Owner of Bonds to be redeemed, official notice of any redemption shall be given by the Paying Agent on behalf of the District by mailing a copy of an official redemption notice by first class mail at least 20 days prior to the Redemption Date to the State Auditor of Missouri, the Underwriter and each Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the redemption date, at the redemption price therein specified, and from and after the redemption date (unless the District defaults in the payment of the redemption price) such Bonds or portion of Bonds shall cease to bear interest. The failure of any Registered Owner to receive the foregoing notice or any defect therein shall not invalidate the effectiveness of the call for redemption.

So long as DTC is effecting book-entry transfers of the Bonds, the Paying Agent shall provide the notices specified above to DTC. It is expected that DTC will, in turn, notify the DTC Participants and that the DTC Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a DTC Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been

mailed notice from the Paying Agent, a DTC Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

## SECURITY FOR THE BONDS

### General

***Pledge of Full Faith and Credit.*** The Bonds will constitute general obligations of the District and will be payable as to both principal and interest from ad valorem taxes, which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the District. The full faith, credit and resources of the District are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

***Levy and Collection of Annual Tax.*** Under the Resolution, there is levied upon all of the taxable tangible property within the District a direct annual tax sufficient to produce the amounts necessary for the payment of the principal of and interest on the Bonds as the same become due and payable in each year. Such taxes shall be extended upon the tax rolls in each year, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the District are levied and collected. Except as otherwise provided in the section below captioned **“Direct Deposit of State Aid Payments,”** the proceeds derived from said taxes shall be deposited in the Debt Service Fund, shall be kept separate and apart from all other funds of the District and shall be used solely for the payment of the principal or redemption price of and interest on the Bonds as and when the same become due, taking into account scheduled mandatory redemptions, if any, and the fees and expenses of the Paying Agent.

### Direct Deposit of State Aid Payments

Pursuant to Section 360.111 of the Revised Statutes of Missouri and related statutes (the **“Deposit Law”**), the State of Missouri (the **“State”**) will transfer to a Missouri bank, as direct deposit trustee (the **“Deposit Trustee”**), a portion of the District’s State aid payments and distributions normally used for operational purposes (**“State Aid”**) in order to provide for payment of debt service on the Bonds. On the date of issuance of the Bonds, the District will enter into a Direct Deposit Agreement (the **“Deposit Agreement”**) with the Office of the Treasurer of the State of Missouri (**“Treasurer’s Office”**), the Department of Elementary and Secondary Education of the State of Missouri (**“DESE”**), the Health and Educational Facilities Authority of the State of Missouri (the **“Authority”**) and the Deposit Trustee. Under the Deposit Agreement, the District will pledge its State Aid to the payment of the Bonds. The Deposit Agreement will provide that one-fourth (1/4<sup>th</sup>) of the debt service to be paid on the Bonds on March 1, 2013 will be deposited with the Deposit Trustee in each of the months of September and December 2012, and in January and February 2013, one-tenth (1/10<sup>th</sup>) of the annual debt service in the next bond year will be deposited with the Deposit Trustee in each of the ten months of March through September 2013 and in December 2013 through February 2014, and thereafter one-tenth (1/10<sup>th</sup>) of the annual debt service in the next bond year will be deposited with the Deposit Trustee in each succeeding similar ten months (March through September and the following December through February) so long as the Bonds are outstanding. Amounts of State Aid to the District in excess of the amounts required to be deposited with the Deposit Trustee will be transferred directly to the District as has historically been the case with all State Aid.

Each month, pursuant to the terms of the Deposit Agreement, DESE will advise the Treasurer’s Office of the amount of the District’s State Aid to be deposited with the Deposit Trustee for the purpose of paying the Bonds, as specified in the Deposit Agreement. If there is a shortfall in a monthly payment, it is to be made up in the succeeding monthly payment of State Aid. Following receipt of the deposits, the Deposit Trustee will invest the amounts for the benefit of the District in legally permitted investments. The Deposit Trustee will transfer to the Paying Agent the amount necessary for payment of debt service on the Bonds not later than the business day prior to each payment date with respect to the Bonds. The District remains obligated to provide

funds to the Paying Agent for debt service on the Bonds if the amounts of State Aid transferred are not sufficient to pay the Bonds when due.

Nothing in the Deposit Law or the Deposit Agreement relieves the District of its obligation to make payments of principal and interest on the Bonds, or to impose any debt service levy sufficient to retire the Bonds. Moneys of the District which would otherwise be used to pay the Bonds on each payment date will be transferred to the District's operational funds to replace State Aid funds used to pay the Bonds. The State has not committed pursuant to the Deposit Law, the Deposit Agreement or otherwise to maintain any particular level of State Aid on behalf of the District, and the State is not obligated in any manner, contractually or morally, to make payments of debt service on the Bonds, other than its obligation to make transfers to the Deposit Trustee as described above. No assurance can be made that the amount of annual State Aid to the District will not in the future drop below that of the annual debt service requirements on the Bonds.

## **LEGAL MATTERS**

### **Legal Proceedings**

As of the date hereof, there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the District or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act in connection with the authorization, issuance and sale of the Bonds, or the constitutionality or validity of the Bonds or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof, or which might affect the District's ability to meet its obligations to pay the Bonds.

### **Approval of Legality**

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel. Certain matters relating to this Official Statement will also be passed upon by Bond Counsel. Bond Counsel has represented the Underwriter in transactions unrelated to the issuance of the Bonds, but is not representing the Underwriter in connection with the issuance of the Bonds. The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon or of the future performance of parties to such transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

## **TAX MATTERS**

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors

are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

### **Opinion of Bond Counsel**

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Bonds:

***Federal and Missouri Tax Exemption.*** The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

***Alternative Minimum Tax.*** Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

***Bank Qualification.*** The Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Code.

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds but has reviewed the discussion under the heading “**TAX MATTERS.**”

### **Other Tax Consequences**

***Original Issue Discount.*** For federal income tax purposes, original issue discount (“**OID**”) is the excess of the stated redemption price at maturity of a Bond over its issue price. The issue price of a Bond is the first price at which a substantial amount of the Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

***Original Issue Premium.*** If a Bond is issued at a price that exceeds the stated redemption price at maturity of the Bond, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Bond. Under Section 171 of the Code, the purchaser of that Bond must amortize the premium over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is

allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

***Sale, Exchange or Retirement of Bonds.*** Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

***Reporting Requirements.*** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

***Collateral Federal Income Tax Consequences.*** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

## RATINGS

It is anticipated that Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), will assign the Bonds the rating of "AA+" conditioned upon the execution and delivery of the Direct Deposit Agreements described under the caption **"THE BONDS – Security and Sources of Payment for the Bonds; Direct Deposit of State Aid Payments"** hereof. In addition, S&P has assigned the Bonds an underlying rating of "A+" based on S&P's evaluation of the credit worthiness of the District without consideration that payments on the Bonds are to be made pursuant to the Direct Deposit Program.

At present, S&P maintains four categories of investment grade ratings—AAA, AA, A and BBB. Under S&P criteria, debt rated "AA" has a very strong capacity to pay interest and repay principal and differs from the highest rated issues only in small degree; debt rated "A" has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than "AAA"- and "AA"-rated debt. Ratings reflect only the view of S&P at the time such ratings are given, and the District and the Underwriter make no representation as to the appropriateness of such ratings or that such ratings will not be changed, suspended or withdrawn.

S&P relies on the District and others for the accuracy and completeness of the information submitted in connection with the ratings. Ratings are not "market" ratings nor recommendations to buy, hold or sell the Bonds, and such ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. Any downward revision, suspension or withdrawal of ratings could have an adverse effect on the market price and marketability of the Bonds. An explanation of the significance of ratings may be obtained

only from S&P at the following address: Standard & Poor's Corporation, 55 Water Street, New York, New York 10041.

## **MISCELLANEOUS**

### **Underwriting**

George K. Baum & Company (the "Underwriter") has agreed, subject to certain conditions, to purchase the Bonds from the District at a price of \$38,272,011 (equal to \$35,000,000 principal amount of the Bonds plus a net reoffering premium of \$3,429,511 minus an underwriting discount of \$157,500). The Underwriter is purchasing the Bonds from the District for resale in the normal course of the Underwriter's business activities. The Underwriter will sell certain of the Bonds at a price greater than such purchase price, as shown on the cover hereof. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine.

The Underwriter has read and participated in the preparation of certain portions of this Official Statement and has supervised the compilation and editing thereof. The Underwriter has not, however, independently verified the factual and financial information contained in this Official Statement and, accordingly, expresses no view as to the sufficiency or accuracy thereof.

### **Continuing Disclosure**

Pursuant to a Continuing Disclosure Undertaking, the District has agreed to provide to the Municipal Securities Rulemaking Board via the Electronic Municipal Market Access system ("**EMMA**") the audited financial statements and certain operating data of the District. The District has agreed to have updated financial information and operating data for the District available not later than six months after each June 30, the final day of the District's fiscal year (i.e., not later than December 31 of each year). The financial statements of the District are audited by the District's independent certified public accountants. The District has also agreed to provide prompt notice of the occurrence of certain material events with respect to the Bonds. See *Appendix C: "Summary of the Continuing Disclosure Undertaking."*

### **Certification and Other Matters Regarding Official Statement**

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the District and other sources which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized.

Simultaneously with the delivery of the Bonds, the President of the Board of Education of the District, acting on behalf of the District, will furnish to the Underwriter a certificate which shall state, among other things, that to the best knowledge and belief of such officer, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

The form of this Official Statement, and its distribution and use by the Underwriter, has been approved by the District. Neither the District nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the District or the District's ability to make payments required of it; and further, neither the



District nor its officers, directors or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Bonds other than those either expressly or by fair implication imposed on the District by the Bond Resolution.

#### **Additional Information**

Additional information regarding the District or the Bonds may be obtained from the District in care of Joplin Schools, Joplin Administration Building, 3901 E. 32<sup>nd</sup> Street, Joplin, Missouri 64801 (417) 625-5200, or from the Underwriter, George K. Baum & Company, Plaza Colonnade, 4801 Main Street, Suite 500, Kansas City, Missouri 64112, Attention: Gregory A. Bricker, (816) 474-1100.

#### **JOPLIN SCHOOLS**

By:                     /s/ Randy Steele                      
President of the Board of Education

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## APPENDIX A

### JOPLIN SCHOOLS

#### GENERAL, ECONOMIC AND FINANCIAL INFORMATION

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## GENERAL AND ECONOMIC INFORMATION CONCERNING THE DISTRICT

### Location and Size

The District encompasses approximately 70 square miles and includes within its limits the Cities of Joplin (marked on the map at the right) and Duenweg and the Village of Duquesne. The District is located in Jasper and Newton Counties in southwest Missouri.



The residents of the District have excellent access to major highways. Being near the geographic center of the nation and with the intersection of Interstate Highway 44 and U.S. Highway 71, in addition to eight other Missouri state highways, the District's proximity to these major highways makes it a leader in surface transportation.

### Population

The following table show population figures for the District, Jasper and Newton Counties and the State of Missouri from the last four decennial censuses.

	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
District	47,547	50,844	56,119	59,509
City of Joplin	39,376	40,866	45,504	50,150
Jasper County	89,500	90,465	104,686	117,404
Newton County	40,555	44,445	52,636	58,114
State of Missouri	4,916,766	5,117,073	5,595,211	5,988,927

Source: U.S. Census Bureau.

### Government and Organization

The District is a reorganized school district formed pursuant to Chapter 162 of the Revised Statutes of Missouri. The District is governed by a seven-member Board of Education. The members of the Board are elected by the voters of the District for three-year staggered terms. All Board members are elected at-large and serve without compensation. The Board is responsible for all policy decisions. The President of the Board is elected by the Board from among its members for a term of one year and has no regular administrative duties. The Secretary and Treasurer are appointed by the Board and may or may not be members of the Board.

The Board of Education appoints the Superintendent of Schools who is the chief administrative officer of the District responsible for carrying out the policies set by the Board. Additional members of the administrative staff are appointed by the Board of Education upon recommendation by the Superintendent. The District has a total of 1,182 employees, including 13 administrative personnel, 628 teachers and 541 non-certified employees.

### Board of Education

The current members and officers of the Board of Education are:

<u>Name</u>	<u>Office</u>	<u>First Elected</u>	<u>Current Term Began</u>	<u>Current Term Expires</u>
Randy Steele	President and Member	April 2008	April 2011	April 2014
Jeff Flowers	Vice President and Member	April 2008	April 2011	April 2014
Anne Sharp	Member	April 2000	April 2012	April 2015
Michael D. Landis	Member	April 2001	April 2010	April 2013
Jim Kimbrough	Member	April 2006	April 2012	April 2015
Phil Willcoxon	Member	April 2008	April 2011	April 2014
Dawn Sticklen	Member	Appointed	June 2012	April 2013

The Board has appointed Pat Waldo to serve as Secretary. The District's Chief Financial Officer, Paul Barr, serves as Treasurer.

### **Superintendent**

Dr. Huff arrived in Joplin in July 2008 and is currently in his fourth year as the Superintendent of the District. Prior to accepting this position, Dr. Huff served four years as the Superintendent of Schools in the Eldon School District, near Lake of the Ozarks. He has also served as a principal in the Nixa, Springfield, and the Bolivar School Districts and as an elementary classroom teacher in Bolivar, MO and Pleasanton, KS.

Dr. Huff received his BS degree in Elementary Education from Pittsburg State University, Masters and Specialist Degrees from Missouri State University, and a Doctorate in Educational Leadership from the University of Arkansas in Fayetteville. In addition to his administrative responsibilities with the District, Dr. Huff remains active in the Joplin Community through his participation on the Joplin Chamber of Commerce, United Way Board of Directors, Success by 6 Committee, Single Parent Scholarship Fund Committee, Jasper County Workforce Investment Board, as a volunteer at Children's Haven, and serves as a "lunch buddy" through Big Brothers Big Sisters.

### **Educational Facilities**

Because of damage and destruction to school facilities from the 2011 Tornado, several new facilities are being constructed while others are being repaired and improved. For a discussion of the impact of the 2011 Tornado, see the caption "**PLAN OF FINANCING – The 2011 Tornado**" in the body of this Official Statement. The District presently operates 18 schools, a portion of which are housed in temporary facilities pending construction of replacement facilities. The replacement cost of the physical facilities of the District as most recently determined for insurance purposes is \$172,220,521, excluding the value of new facilities being constructed or the value of repairs and improvements at other facilities caused by the 2011 Tornado.

### **History of Enrollment**

The following table shows student enrollment in the District as of the last Wednesday in September, for each of the last four and current school years.

<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
7,342	7,543	7,650	7,784	7,252

The decrease of 532 students in the 2011-12 school year was primarily due to the students relocating outside of the District because of the destruction of residential housing by the 2011 Tornado within the District.

## Other District Statistics

The following table shows additional information about the District compiled by DESE for the last five completed fiscal years.

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Ave. Daily Attendance (ADA)	7,227	7,069	7,149	7,361	7,426
Rate of Attendance	96.9%	96.3%	94.8%	96.1%	95.4%
Current Expenditures per ADA	6,583	7,298	7,247	7,274	6,998
Students per Teacher	13	13	13	13	13
Students per Classroom Teacher	18	18	17	17	18

## School Rating and Accreditation

The Missouri Department of Elementary and Secondary Education (“DESE”) evaluates school districts in all areas of operation, including curriculum, facilities, teaching staff and administrative staff under the DESE-administered Missouri School Improvement Program (“MSIP”). The ratings are not bond or debt ratings, but solely evaluations made by DESE. On June 4, 2009, the District received a Waiver Review report and at this time is currently rated as “accredited.”

Under MSIP, districts are evaluated based on DESE standards in three areas -- resource standards, educational process standards and performance standards. Districts receive an evaluation judgment for each of the three sets of standards and an overall evaluation, which evaluations are in one of three categories: “accredited,” “provisionally accredited” or “unaccredited.” The MSIP Review Committee has given the District an evaluation of “accredited” in each category and an overall classification recommendation of “accredited.”

The MSIP classification is not a bond or debt rating, but is solely an evaluation made by DESE.

## Commerce, Industry and Employment

Some major employers in or near Joplin, Missouri, include:

<u>Employer</u>	<u>Product/Service</u>	<u>Number of Employees</u>
Freeman Health System	Health Care	3,200
Conway Trucking	Common Carrier Trucking	2,700
Mercy Hospital Joplin (formerly St. John’s Regional Medical Center) *	Health Care	2,400
Leggett & Platt	Manufacturing	1,830
Eagle Picher Industries	Batteries, Chemicals, Electronics	1,250
Joplin R-VIII School District	Education	1,200
Downstream Casino	Gambling / Entertainment	1,100
NCO Systems Technology	Customer Service	1,100
Wal-Mart Stores *	Retail	920
Missouri Southern State University	Education	750

Source: Joplin Area Chamber of Commerce.

\* One of the City’s two Wal-Mart Supercenter locations and the St. John’s Regional Medical Center main facility were among the buildings destroyed by the 2011 Tornado. Wal-Mart Stores retained the employees who worked at the affected location by moving them to other nearby Wal-Mart locations during the period in which the building was closed for reconstruction. Since the 2011 Tornado, St. John’s Regional Medical Center, now known as Mercy Hospital Joplin, has moved its operations into temporary modular facilities

around the City and has continued to function without laying off employees. For more on the 2011 Tornado, see the caption “**PLAN OF FINANCING – The 2011 Tornado**” in the body of this Official Statement.

The following table sets forth unofficial employment figures for Jasper and Newton Counties, Missouri:

**Jasper County, Missouri Employment Data**

<b>Average for</b>	<b>Total</b>			<b>Unemployment</b>
<b><u>Year</u></b>	<b><u>Labor Force</u></b>	<b><u>Employed</u></b>	<b><u>Unemployed</u></b>	<b><u>Rate</u></b>
2012*	58,829	55,110	3,718	6.3%
2011	58,705	54,866	3,839	6.5
2010	57,887	53,042	4,845	8.4
2009	57,285	52,557	4,728	8.3
2008	57,062	54,094	2,968	5.2

**Newton County, Missouri Employment Data**

<b>Average for</b>	<b>Total</b>			<b>Unemployment</b>
<b><u>Year</u></b>	<b><u>Labor Force</u></b>	<b><u>Employed</u></b>	<b><u>Unemployed</u></b>	<b><u>Rate</u></b>
2012*	29,509	27,561	1,948	6.6%
2011	29,312	26,995	2,317	7.9
2010	29,127	26,605	2,522	8.7
2009	27,765	25,517	2,248	8.1
2008	27,783	26,256	1,527	5.5

\*Average from January and May 2012

Source: MERIC (Missouri Economic Research and Information Center)

**Medical and Health Facilities**

The City is home to two major hospitals that provide special services and treatment capabilities rivaling those found in major metropolitan areas. Freeman Hospital has 288 licensed beds and is operated by the Freeman Health System. The Freeman Health System also operates the Freeman East Specialty Hospital in the City, which facility has 94 licensed sub-acute beds. Prior to May 22, 2011, St. John’s Regional Medical Center, a member of Mercy Health based in St. Louis, Missouri, operated a 367 licensed bed facility in the southern portion of the City. That facility was severely damaged by the 2011 Tornado and was not salvageable. St. John’s Regional Medical Center now known as Mercy Hospital Joplin is currently operating out of temporary, modular hospital facilities and has recently commenced construction on a new 327 licensed bed facility, the final phase of which is scheduled to be completed in 2015.

The City also has two fully equipped sports medicine clinics, psychological and psychiatric services, major heart and cancer care facilities and many top-quality nursing/retirement centers and extended care facilities. The Community Clinic of Joplin, an all-volunteer free medical/dental clinic, provides quality health care to the underprivileged.

**Recreational, Educational Institutions and Cultural Facilities**

The City maintains 19 public parks, 3 public swimming pools, an athletic complex, 27 public tennis courts, 9 basketball courts, 9 soccer fields and a public golf course. There are three country clubs, two YMCA facilities and twenty indoor movie theaters. The City is approximately 45 miles from Grand Lake, which has 1,380 miles of shoreline and offers fishing, swimming and boating. Significant historic events ranging from Civil War battles to developments in America’s mining revolution provide the City’s cultural activities.



## **Municipal Services and Utilities**

Utility service in the City is provided by a mix of public and private entities. Electric service is provided by Empire District Electric Company. Natural Gas is supplied by Missouri Gas Energy. Telephone service to the area is provided by AT&T. Water is supplied by Missouri American Water Company. The City owns and operates its own wastewater collection and treatment system. The City provides its own police and fire protection.

## **Transportation and Communication Facilities**

The residents of the District have excellent access to major highways. Being near the geographic center of the nation and with the intersection of Interstate Highway 44 and U.S. Highway 71 (soon to be re-designated as Interstate Highway 49), in addition to eight other Missouri state highways, the District's proximity to these major highways makes it a leader in surface transportation.

Joplin Regional Airport located just west of the District is a commercial service airport with scheduled air carrier service to Dallas Fort Worth International Airport provided by American Eagle. The Airport is considered a primary airport by the Federal Aviation Administration. The Airport has paved, lighted runways totaling 6,500 feet. Railroads serving the area close by include Kansas City Southern and Burlington Northern Santa Fe and Northern Arkansas Railroad.

Within the Jasper County area there are two daily and three weekly newspapers. There are several radio stations and television stations within Jasper County.

## **Income and Home Values**

The following tables show the latest available per capita personal income and median value of owner-occupied housing units in the area of the District and the State of Missouri:

### **Income (2010 inflation-adjusted dollars)**

	<b><u>Median Household</u></b>	<b><u>Per Capita</u></b>
Joplin	\$36,884	\$21,943
Jasper County	37,894	19,899
Newton County	41,163	20,832
State of Missouri	57,008	24,423

### **Median Housing Value of Owner-Occupied Housing Units (2006-2010)**

Joplin	\$92,500
Jasper County	93,400
Newton County	103,400
State of Missouri	137,700

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Source: [quickfacts.census.gov](http://quickfacts.census.gov)

## DEBT STRUCTURE OF THE DISTRICT

### Overview

The following table summarizes certain financial information concerning the District. This information should be reviewed in conjunction with the information contained in this section and the financial statements of the District in *Appendix A* hereto.

2011 Assessed Valuation <sup>1</sup>	\$841,714,761
2011 Estimated Actual Valuation <sup>2</sup>	\$3,306,001,756
Net Outstanding General Obligation Bonds (“Direct Debt”) <sup>3</sup>	\$100,950,000
Lease Debt <sup>4</sup>	\$0
Total Direct Debt and Lease Debt	\$100,950,000
Estimated Population	59,509
Per Capita Direct Debt	\$1,696.38
Ratio of Direct Debt to Assessed Valuation	11.99%
Ratio of Direct Debt to Estimated Actual Valuation	3.05%
Ratio of Direct Debt and Lease Debt to Assessed Valuation	11.99%
Ratio of Direct Debt and Lease Debt to Estimated Actual Valuation	3.05%
Overlapping and Underlying General Obligation and Lease Debt (“Indirect Debt”) <sup>5</sup>	\$4,400,000
Total Direct, Lease and Indirect Debt	\$105,350,000
Per Capita Direct, Lease and Indirect Debt	\$1,770.32
Ratio of Direct, Lease and Indirect Debt to Assessed Valuation	12.52%
Ratio of Direct, Lease and Indirect Debt to Estimated Valuation	3.19%

<sup>1</sup> Includes 2011 real and personal property certified by the Jasper and Newton County Clerks, including \$13,373,439 attributable to state assessed railroad and utility property for that portion of the District located within the City of Joplin. For further details see “**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT.**”

<sup>2</sup> Estimated actual valuation is calculated by dividing different classes of property by the corresponding assessment ratio. For a detail of these different classes and ratios see “**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT.**”

<sup>3</sup> Equals \$65,950,000 principal amount of the District’s outstanding general obligation bonds plus the \$35,000,000 principal amount of the Bonds being issued less a Debt Service fund balance of \$2,866,421 available to pay principal of bonds as of April 3, 2012.

<sup>4</sup> See “**DEBT STRUCTURE OF THE DISTRICT – Other Obligations of the District.**”

<sup>5</sup> For further details see “**DEBT STRUCTURE OF THE DISTRICT - Overlapping or Underlying General Obligations and Lease Obligations.**”

### Current Long-Term General Obligation Indebtedness

The following table sets forth all of the outstanding general obligation indebtedness of the District after issuance of the Bonds. The principal amount of bonds to be paid pursuant to escrow trust agreements is not shown.

<u>Category of Indebtedness</u>	<u>Date of Indebtedness</u>	<u>Amount Outstanding</u>
General Obligation Refunding	02/01/2002	\$ 500,000
General Obligation Refunding	11/01/2005	6,165,000
General Obligation Refunding	06/01/2006	6,585,000
General Obligation Building	05/15/2007	52,700,000
General Obligation Building	08/09/2012	<u>35,000,000</u>
Total		\$100,950,000

### History of General Obligation Indebtedness

The following table sets forth debt information pertaining to the District as of the end of each of the last five fiscal years:

<u>As of June 30</u>	<u>Total Outstanding Debt</u>	<u>Debt as % of Assessed Value*</u>
2011	\$67,885,000	7.88%
2010	76,730,000	8.62
2009	78,400,000	8.92
2008	86,850,000	10.22
2007	88,550,000	11.14

\* Excludes state assessed railroad and utility property; if state assessed railroad and utility property were taken into account, the net debt as a percentage of total assessed valuation would be lower than the percentages shown. For more information see the caption "**Legal Debt Capacity**" which follows.

The District has never defaulted on the payment of any of its debt obligations.

### Debt Service Requirements

**General Obligation Bonds.** The following schedule shows the yearly principal and interest requirements for all outstanding general obligation bonds of the District which are payable from amounts in the Debt Service Fund generated by a levy on all taxable tangible property in the District. Payments of principal of and interest on all bonds provided for pursuant to escrow trust agreements are not shown. The Debt Service Fund levy may be set, without limitation as to rate or amount, at the level required to make payments on the general obligation bonds.

<b>Fiscal Year Ended June 30</b>	<b><u>Outstanding Bonds</u></b>		<b><u>Bonds Being Offered</u></b>		<b><u>Total</u></b>
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	
2012	\$1,935,000	\$3,092,734			\$5,027,734
2013	2,210,000	3,013,261		\$798,075	6,021,336
2014	2,430,000	2,922,385		1,422,313	6,774,698
2015	2,465,000	2,826,888	\$250,000	1,422,313	6,964,200
2016	2,950,000	2,730,158	250,000	1,417,313	7,347,471
2017	2,935,000	2,614,347	250,000	1,412,313	7,211,659
2018	3,365,000	2,499,108	250,000	1,407,313	7,521,421
2019	3,590,000	2,359,718	250,000	1,402,313	7,602,031
2020	4,130,000	2,211,162	250,000	1,394,813	7,985,975
2021	4,375,000	2,027,600	250,000	1,387,313	8,039,913
2022	5,000,000	1,833,000	250,000	1,379,813	8,462,813
2023	5,500,000	1,609,250	250,000	1,372,313	8,731,563
2024	6,000,000	1,334,250	250,000	1,364,813	8,949,063
2025	6,500,000	1,034,250	250,000	1,357,313	9,141,563
2026	7,000,000	709,250	250,000	1,349,813	9,309,063
2027	7,500,000	359,250	250,000	1,342,313	9,451,563
2028			5,500,000	1,334,812	6,834,812
2029			5,800,000	1,114,813	6,914,813
2030			6,400,000	882,813	7,282,813
2031			6,600,000	562,813	7,162,813
2032			7,450,000	232,813	7,682,813
Total	\$67,885,000	\$33,176,609	\$35,000,000	\$24,358,513	\$124,542,059
Less 2012	(1,935,000)	(3,092,734)			(5,027,734)
Current	\$65,950,000	\$30,083,876	\$35,000,000	\$24,358,513	\$119,514,326

### **Overlapping or Underlying Indebtedness**

To the knowledge of the District, there are no political subdivisions with boundaries overlapping the District or which lie fully within the District that have any outstanding indebtedness (either general obligation or lease indebtedness). However, political subdivisions may have ongoing programs requiring the issuance of substantial bonds or the incurring of lease obligations, the amounts of which cannot be determined at this time.

### **Legal Debt Capacity**

Under Article VI, Section 26(b) of the Constitution of Missouri, the District may incur indebtedness for authorized school district purposes not to exceed 15% of the valuation of taxable tangible property in the District according to the last completed assessment upon the approval of four-sevenths of the qualified voters in the District voting on the proposition at any municipal, primary or general election or two-thirds voter approval on any other election date.

The legal debt limitation and debt margin of the District are as follows:

### **Legal Debt Limitation and Debt Margin**

Constitutional Debt Limitation under Article VI, Section 26(b) (15% of 2011 assessed valuation) <sup>1</sup>	\$126,257,214
General Obligation Bonds Outstanding (including the Series 2012 Bonds)	\$100,950,000
Less Debt Service Fund Balance Available to Pay Principal of Bonds	<u>2,866,421</u>
Net General Obligation Bonds Outstanding	\$98,083,579
Legal Debt Margin under Article VI, Sections 26(b)	\$28,173,635

<sup>1</sup> Includes assessed valuation of \$13,373,439 attributable to a portion but not all state assessed railroad and utility property located within the District.

The District plans to issue the remaining \$27,000,000 principal amount of the \$62,000,000 in general obligation bonds approved by the voters on April 3, 2012, sometime during 2013.

The District's debt margin would actually be greater if all and not just a portion of the value attributable to state assessed railroad and utility property were included in the calculation. Because of the manner in which tax collections are distributed to school districts from assessments of state assessed railroad and utility property (see "**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT-Property Valuations-Current Assessed Valuation**"), the cumbersome task of determining the valuation of such property physically located within a school district is not normally undertaken unless, without the value of such property included in the calculation, the district would exceed its legal debt limit. In order for the District to issue the Bonds, it was necessary for the District to include a portion of the value of state assessed railroad and utility property located within the District in calculating the District's legal debt limit. It was not necessary for the District to determine the value of all state assessed railroad and utility property because, based on the value of a portion of such property that was calculated, the District was able to provide evidence that the issuance of the Bonds would not cause the principal amount of all of the District's general obligation bonds to exceed the constitutional limitation of 15% of the valuation of all taxable tangible property located within the District.

### **Other Obligations of the District**

Due to the May 22, 2011 tornado that passed through the City, many of the schools within the District were destroyed. The District has entered into multiple lease agreements to rent property to be used as temporary schools and contracts for work on the remodeling and improvements necessitated by code and specific use as a school, while waiting on the reconstruction of the schools that were destroyed. The following is the lease payment schedule for use of temporary school facilities:

<b>Lease</b>	<b>Description</b>	<b>Term</b>	<b>Payments</b>
Bentley Investments	Franklin Tech temporary facilities	Thru 6/30/14	\$35,000/month
Missouri Department of Transportation	Administration Building temporary facilities	Thru 7/14/14	Contractual only (no payments)
City of Joplin	Use of Memorial Hall for various school programs	Thru 7/31/14	\$33,333.33/ month
Joplin Building and Industrial Development Corporation	East Middle School temporary facilities	7/31/12 with provisions to renew up to 5 years	\$36,000/ month
Northpark Mall	JHS 11-12 temporary facilities	7/31/12 with provisions to renew thru 9/30/15	\$11,187.50
Shopko/KIR	JHS 11-12 temporary facilities	8/31/12 with provisions to renew thru 8/2015	\$83,333.33
Olde Joplin Properties	Parking lot at Franklin Tech temporary facility		\$1,500/quarter

In addition, the District has entered into a two year municipal lease agreement with Sovereign Leasing, LLC to lease ten (10) school buses at the rate of \$7,176 per month including principal and interest for usage during school year 2011-2012.

## **FINANCIAL INFORMATION CONCERNING THE DISTRICT**

### **Accounting, Budgeting and Auditing Procedures**

The District follows a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenditures/expenses when they result from cash transactions. The modification of the cash basis of accounting relates to the presentation of investments and payroll liabilities. The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As of result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable (e.g., property taxes) and revenue for billed or provided services not yet collected) and certain liabilities, with the exception of payroll liabilities, and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting. The reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting when reviewing the District's financial statements in *Appendix A*.

Cash transactions are recorded in the following funds which the District is required to maintain for the accounting of all school moneys:

**General ("Incidental") Fund:** Accounts for general activities of the District, including student activities, food service and the textbook fund which are not required to be accounted for in another fund.

**Special Revenue ("Teachers") Fund:** Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State of Missouri and the local levy for the payment of teacher salaries and certain employee benefits.

**Capital Projects Fund:** Accounts for the proceeds of long-term debt, taxes and other revenues designated for acquisition or construction of major capital assets.

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

The Treasurer of the District is responsible for handling all moneys of the District and administering the above funds. All moneys received by the District from whatever source are credited to the appropriate fund. Moneys may be disbursed from such funds by the Treasurer only for the purpose for which they are levied, collected or received and all checks must be signed by the President and the Treasurer.

An annual budget of estimated receipts and disbursements for the coming fiscal year is prepared by the Superintendent and is presented to the Board of Education for approval, after a public hearing, prior to August 15. The District's fiscal year is July 1 through June 30. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes and includes a statement of the rate of levy

per hundred dollars of assessed valuation required to raise each amount shown on the budget as coming from District taxes.

The financial records of the District are audited annually by a firm of independent certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The most recent annual audit was performed by Mense, Churchwell & Mense, P.C., Joplin, Missouri. A copy of the annual audit for the fiscal year ended June 30, 2011, is included in this Official Statement as **Appendix A**. A summary of significant accounting policies of the District is contained in the Notes accompanying the financial statements in **Appendix A**. The audited financial statements for earlier years with reports by the certified public accountants are available for examination in the District's office.

## Sources of Revenue

The District finances its operations through the local property tax levy, state sales tax, State Aid, federal grant programs and miscellaneous sources. Debt service on general obligation bonds is paid from amounts in the District's Debt Service Fund. The primary source of money in the Debt Service Fund is local property taxes derived from a debt service levy. However, the Debt Service Fund may also contain money derived from transfers from the Incidental Fund described under the caption "**Missouri School Finance Laws – Transfers from Incidental Fund to Debt Service Fund and/or Capital Projects Fund**," from State Aid in the Classroom Trust Fund (discussed below), and from certain other taxes or payments-in-lieu-of-taxes which may be placed in the Debt Service Fund at the discretion of the Board of Education.

For the 2010-11 fiscal year, the District's sources of revenue (excluding proceeds from insurance for facilities damaged or destroyed by the 2011 Tornado during such fiscal year) were as follows:

<u>Source</u>	<u>Amount</u>	<u>%</u>
Local Revenue:		
Property Taxes	\$27,758,485	38.34%
Proposition "C" Sales Tax	6,199,962	8.56%
Other	6,262,707	8.65%
County Revenue:		
Railroad & Utility Property Taxes	1,017,742	1.41%
Fines, Forfeitures & Other	228,943	0.32%
State Revenue	19,290,521	26.65%
Federal Revenue	10,865,897	15.01%
Other Revenue	<u>768,546</u>	<u>1.06%</u>
<b>Total Revenue</b>	<b>\$72,392,802</b>	<b>100.00%</b>

## Local Revenue

The primary sources of "local revenue" are (1) taxes upon real and personal property within a district, excluding railroad and utility property taxes, which are more fully described below under the caption "**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT**," and (2) receipts from a 1% state sales tax (commonly referred to as "**Proposition C revenues**").

Proposition C sales tax proceeds are deemed to be "local" revenues for school district accounting purposes. Proposition C revenues are distributed to each school district on a per-pupil basis utilizing the district's weighted average daily attendance (see "**Weighted ADA**" under "**Missouri School Finance Laws**" below). Historically, each school district has received from \$750 to \$800 per pupil per year from Proposition C revenues.

## County Revenue

For school taxation purposes, all state assessed railroad and utility property within a county is taxed uniformly at a rate determined by averaging the tax rates of all school districts in the county. No determination is made of the assessed value of the railroad and utility property that is physically located within the boundaries of each school district. Such tax collections for each county are distributed to the school districts within that county according to a formula based in part on total student enrollments in each district and in part on the taxes levied by each district. County revenue also includes certain fines and forfeitures collected with respect to violations within the boundaries of the school district.

## State Revenue

The primary source of state revenue or “State Aid” is provided under a formula enacted under Chapter 163 of the Revised Statutes of Missouri, as amended. In its 2005 regular session, the Missouri General Assembly approved significant changes to the formula by adoption of Senate Bill 287 (“**SB 287**”), which became effective July 1, 2006. The changes to State Aid distribution laws are more fully described below under “**Missouri School Finance Laws.**”

## Federal Revenue

School districts receive certain grants and other revenue from the federal government, which are usually required to be used for the specified purposes of the grant or funding program.

## Missouri School Finance Laws

**State Aid.** The amount of State Aid for school districts in Missouri has typically been calculated using a complex formula. The impact of SB 287 is to transition the State away from a local-tax-rate-based formula to a formula that is primarily student-needs based. The new formula was phased in over a seven-year period which began in the 2006-07 fiscal year. During the phase-in period, State Aid for each school district was based on a percentage of both the old local tax rate based formula (determined as a percentage of the 2005-06 State Aid Payments), and the new student-needs based formula. State aid was calculated using the following percentages of the old and new formulas:

<u>Phase-In Year</u>	<u>Percentage of 2005-06 State Aid Payment</u>	<u>Percentage of SB 287 Formula</u>	<u>Actual Pro-Ration Factor</u>
2006-07	85%	15%	-
2007-08	70	30	-
2008-09	56	44	-
2009-10	42	58	99%
2010-11	28	72	97
2011-12	14	86	94
2012-13	0	100	92 (expected)

The fiscal year 2010-11 basic formula appropriation approved by the Missouri General Assembly and signed by the Governor was approximately 97% of the amount needed to fully fund the amount needed for the phase-in described above. The fiscal year 2011-12 basic formula appropriation was approximately 94.15% of the amount needed to fully fund the amount needed for the phase-in described above. To lessen the impact of the funding shortfall, the General Assembly approved an amendment to Chapter 163 of the Revised Statutes of Missouri, which provides that, in fiscal years 2010-11, 2011-12 and 2012-13, if the State’s basic formula appropriation is less than the amount needed to fully fund the phased-in formula, or the appropriation for transportation is funded at a level that provides less than 75% of the allowable transportation-related costs, school districts will be excused from compliance with certain spending requirements for professional



development, as well as certain fund placement and expenditure requirements, described below under **“Mandatory Deposit and Expenditures of Certain Amounts in the Teachers’ Fund.”** School districts will also be excused from complying with these requirements if the Governor withholds funds appropriated for funding the basic formula in any of the same three years.

**Property Tax Levy Requirements.** The sum of a district’s local property tax levies in its Incidental and Teachers’ Funds must be at least \$2.75 per \$100 assessed valuation in order for the district to receive increases in State Aid above the level of State Aid it received in the 2005-06 fiscal year. Levy reductions required as a result of a “Hancock rollback” (See **“PROPERTY TAX INFORMATION CONCERNING THE DISTRICT – Tax Rates – Operating Levy”** below) will not affect a district’s eligibility for State Aid increases.

**The Formula.** A district’s State Aid is determined by first multiplying the district’s weighted average daily attendance (**“ADA”**) by the state adequacy target (discussed below). This figure may be adjusted upward by a dollar value modifier (discussed below). The product of the weighted ADA multiplied by the state adequacy target multiplied by the dollar value modifier is then reduced by a district’s “local effort” (discussed below) to calculate a district’s final State Aid amount.

**Weighted ADA.** Weighted ADA is based upon regular term ADA plus summer school ADA, with additional weight assigned in certain circumstances for students who qualify for free and reduced lunch, receive special education services, or possess limited English language proficiency. Students receive additional weighted treatment if, categorically, they exceed certain thresholds (based on the percentage of students in each of the categories in “Performance Districts,” as defined below). Beginning in 2012-13, additional weight is assigned to students above the following thresholds: above 38.8% for students who qualify for free or reduced lunch, above 13.2% for students receiving special education services, and above 1.8% for students possessing limited English language proficiency. The District’s State Aid revenues would be adversely affected by decreases in its weighted ADA resulting from decreased enrollment generally and, specifically, decreased enrollment of students eligible for free and reduced lunch, special education students, or students with limited English language proficiency.

**State Adequacy Target.** The new State Aid formula requires DESE to calculate a “state adequacy target,” which is intended to be the minimum amount of funds a school district needs in order to educate each student. DESE’s calculation of the state adequacy target is based upon amounts spent, excluding federal and state transportation revenues, by certain high performing districts (known as **“Performance Districts”**). Every two years, using the most current list of Performance Districts, DESE recalculates the state adequacy target. The recalculation can never result in a decrease from the previous state adequacy target amount. DESE has established the state adequacy target for the 2012-13 fiscal year at \$6,131.

**Dollar Value Modifier.** The dollar value multiplier (**“DVM”**) is an index of the relative purchasing power of a dollar, calculated as one plus 15% of the difference of the regional wage ratio (the ratio of the regional wage per job divided by the state median wage per job) minus one. The law provides that the DVM can never be less than 1.0. DESE will begin revising the DVM for each district on an annual basis beginning with the 2012-13 fiscal year. The DVM for the District for 2012-13 will be 1.082 (it was previously 1.090).

**Local Effort.** For the 2006-07 fiscal year, the “local effort” figure utilized in a district’s State Aid calculation was the amount of certain locally generated revenue that the district would have received in the 2004-05 fiscal year if its operating levy was set at \$3.43. The \$3.43 amount is called the “performance levy.” After the 2006-07 fiscal year, a district’s “local effort” amount will be frozen at the 2006-07 amount, except for adjustments due to increased locally collected fines or decreased assessed valuation in the district. Growth in assessed valuation and operating levy increases will result in additional local revenue to the district, without affecting State Aid payments.

**Categorical-Source Add-Ons.** In addition to State Aid distributed pursuant to the formula as described above, the formula provides for the distribution of certain categorical sources of State Aid to school districts. These are all subject to available funding and include (1) 75% of allowable transportation costs, (2) the vocational education entitlement, and (3) educational and screening program entitlements.

**Classroom Trust Fund (Gambling Revenue) Distribution.** A portion of the state aid received under the formula is in the form of a distribution from the “Classroom Trust Fund” in the state treasury containing a portion of the State’s gambling revenues. Starting with the 2006-07 fiscal year, this money is distributed to school districts on the basis of prior year average daily attendance (versus weighted ADA, which applies to the basic formula distribution). The funds deposited into the Classroom Trust Fund are not earmarked for a particular fund or expense and shall be spent at the discretion of the local school district, except that, beginning with the 2010-11 fiscal year, all proceeds of the Classroom Trust Fund in excess of amounts received in the 2009-10 fiscal year must be placed in the Teachers’ or Incidental Funds. Classroom Trust Fund dollars do not increase the amount of State Aid.

**Mandatory Deposit and Expenditures of Certain Amounts in the Teachers’ Fund.** The following state and local revenues must be deposited in the Teachers’ Fund: (1) 75% of basic formula State Aid, excluding State Aid distributed from the Classroom Trust Fund (gambling revenues); (2) 75% of one-half of the district’s local share of Proposition C revenues; and (3) 100% of local revenue from fines and escheats based on violations or abandoned property within the district’s boundaries.

In addition to these mandatory deposits, commencing with the 2006-07 fiscal year, school districts are also required to spend for certificated staff compensation and tuition expenditures each year the amounts described in clauses (1) and (2) of the preceding paragraph. Beginning in the 2007-08 fiscal year, school districts are further required to spend for certificated staff compensation and tuition expenditures each year, per the second preceding year’s weighted ADA, as much as was spent in the previous year from local and county tax revenues deposited in the Teachers’ Fund, plus the amount of any transfers from the Incidental Fund to the Teachers’ Fund that are calculated to be local and county tax sources. This amount is to be determined by dividing local and county tax sources in the Incidental Fund by total revenue in the Incidental Fund.

Failure to satisfy the deposit and expenditure requirements applicable to the Teachers’ Fund will result in a deduction of the amount of the expenditure shortfall from a district’s basic formula State Aid for the following year, unless the district receives an exemption from the State Board of Education. In fiscal years 2010-11, 2011-12 and 2012-13, under certain circumstances described above under “*State Aid*,” school districts will be excused from compliance with certain spending requirements for professional development, as well as certain of these fund placement and expenditure requirements. School districts will also be excused from complying with these requirements if the Governor withholds funds appropriated for funding the basic formula in any of the same three years.

A school board may transfer any portion of the unrestricted balance remaining in the Incidental Fund to the Teachers’ Fund. Any district that uses a transfer from the Incidental Fund to pay for more than 25% of the annual certificated compensation obligation of the district, and has an Incidental Fund balance on June 30 in any year in excess of 50% of the combined Incidental and Teachers’ Fund expenditures for the fiscal year just ended, will be required to transfer the excess from the Incidental Fund to the Teachers’ Fund.

**Limited Sources of Funds for Capital Expenditures.** School districts may only pay for capital outlays from the Capital Projects Fund. Sources of revenues in the Capital Projects Fund are limited to: (i) proceeds of general obligation bonds (which are repaid from a Debt Service Fund levy), (ii) revenue from the school district’s local property tax levy for the Capital Projects Fund; (iii) certain permitted transfers from the Teachers’ and Incidental Funds (see below), and (iv) a portion of the funds distributed to school districts from the Classroom Trust Fund. Other sources include a surtax on merchants and manufacturers personal property, a tax on financial institutions, earnings on investments, contributions from patrons, sale of no longer used equipment/real estate and grant proceeds.

***Capital Projects Fund Levy.*** Prior to setting tax rates for the Teachers' and Incidental Funds, each school district must annually set the tax rate for the Capital Projects Fund as necessary to meet the expenditures of the Capital Projects Fund for capital outlays, except that the tax rate set for the Capital Projects Fund may not be in an amount that would result in the reduction of the equalized combined tax rates for the Teachers and Incidental Funds to an amount below \$2.75.

***Transfers from Incidental Fund to Capital Projects Fund.*** In addition to money generated from the Capital Projects Fund levy, each school district may transfer money from the Incidental Fund to the Capital Projects Fund under the following limited circumstances:

- (1) The amount to be expended for transportation equipment that is considered an allowable cost under the state board of education rules for transportation reimbursements during the current year;
- (2) Any amount necessary to satisfy obligations of the capital projects fund for state-approved area vocational-technical schools;
- (3) Current year obligations for lease-purchase obligations entered into prior to January 1, 1997;
- (4) The amount necessary to repay costs of one or more guaranteed energy savings performance contracts to renovate buildings in the school district, provided that the contract specified that no payment or total of payments shall be required from the school district until at least an equal total amount of energy and energy-related operating savings and payments from the vendor pursuant to the contract have been realized; and
- (5) To satisfy current year capital project expenditures, an amount not to exceed the greater of:
  - a. \$162,326; or
  - b. Seven percent (7%) of the state adequacy target (\$6,131 in 2011-12 fiscal year) times the district's weighted ADA.

***Transfers from Incidental Fund to Debt Service Fund and/or Capital Projects Fund.*** If a school district is not using the seven percent (7%) or the \$162,326 transfer (as discussed above) and is not making payments on lease purchases pursuant to Section 177.088, Revised Statutes of Missouri, then the school district may transfer from the Incidental Fund to the Debt Service and/or the Capital Projects Fund the greater of:

- (1) The State Aid received in the 2005-2006 school year as a result of no more than eighteen (18) cents of the sum of the debt service and capital projects levy used in the foundation formula and placed in the Capital Projects or Debt Service fund; or
- (2) Five percent (5%) of the state adequacy target (\$6,131 in 2011-12 fiscal year) times the district's weighted ADA.

## **Fund Balances Summary**

The following Summary Statement of Revenues, Expenditures and Changes in Fund Balances--All Governmental Funds was prepared from audited financial statements of the District. The statement set forth

below should be read in conjunction with the other financial statements and notes appertaining hereto set forth in **Appendix A** of this Official Statement and the financial statements on file at the District's office.

**Summary Statement of Revenues, Expenditures and Changes in Fund Balances—  
All Governmental Funds**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b><u>General (Incidental) Fund</u></b>					
Balance--Beginning of Year	\$18,470,332	\$17,707,243	\$15,090,592	\$15,198,848	\$13,770,216
Revenues	31,246,309	35,994,330	37,529,836	37,422,654	38,326,408
Expenditures	22,026,180	23,261,987	23,177,566	23,881,059	23,775,131
Transfers In (Out)	<u>(9,983,217)</u>	<u>(15,348,994)</u>	<u>(14,244,014)</u>	<u>(14,970,227)</u>	<u>(11,775,354)</u>
Balance--End of Year	\$17,707,243	\$15,090,592	\$15,198,848	\$13,770,216	\$16,546,139
<b><u>Special Revenue (Teachers') Fund</u></b>					
Balance--Beginning of Year	\$0	\$0	\$0	\$0	\$0
Revenues	26,554,775	24,096,431	25,884,748	25,646,093	27,919,341
Expenditures	32,629,837	35,584,083	36,481,728	37,916,318	35,813,856
Transfers In (Out)	<u>6,075,062</u>	<u>11,487,652</u>	<u>10,596,980</u>	<u>12,270,225</u>	<u>7,894,515</u>
Balance--End of Year	\$0	\$0	\$0	\$0	\$0
<b><u>Debt Service Fund</u></b>					
Balance--Beginning of Year	\$16,429,528	\$16,443,004	\$16,943,573	\$10,517,832	\$11,037,316
Revenues	2,472,434	5,712,242	6,017,984	5,777,634	5,572,327
Expenditures	<u>2,458,958</u>	<u>5,211,672</u>	<u>12,443,725</u>	<u>5,258,150</u>	<u>12,366,269</u>
Balance--End of Year	\$16,443,004	\$16,943,573	\$10,517,832	\$11,037,316	\$4,243,374
<b><u>Capital Projects Fund</u></b>					
Balance--Beginning of Year	\$6,668,237	\$67,978,411	\$58,699,120	\$25,734,437	\$8,104,599
Revenues	62,055,428	5,288,054	2,947,600	1,147,134	20,574,726
Expenditures	4,653,409	18,428,688	39,559,317	21,476,976	3,226,480
Transfers In (Out)	<u>3,908,155</u>	<u>3,861,342</u>	<u>3,647,034</u>	<u>2,700,003</u>	<u>3,880,839</u>
Balance--End of Year	\$67,978,411	\$58,699,120	\$25,734,437	\$8,104,599	\$29,333,684
<b><u>Total Funds</u></b>					
Balance--Beginning of Year	\$41,089,996	\$102,128,659	\$90,733,285	\$51,451,117	\$32,912,129
Revenues	122,328,946	71,091,055	72,380,166	69,993,515	92,392,801
Expenditures	<u>61,768,385</u>	<u>82,486,430</u>	<u>111,662,335</u>	<u>88,532,502</u>	<u>75,181,735</u>
Balance--End of Year	\$102,128,659	\$90,733,285	\$51,451,117	\$32,912,129	\$50,123,196
<b><u>Ending Operating Fund*</u></b>					
<b>Balances as Percentage of Expenditures</b>	32.40%	25.64%	25.48%	22.28%	27.77%

<sup>1</sup> The Operating Fund is defined to be the General Fund and Special Revenue Fund only.

**Risk Management**

The District maintains various policies of insurance providing coverage which includes casualties to the District's facilities and general liability insurance, which policies are subject to certain deductible clauses.

## Employee Retirement and Pension Plans

The District contributes to the state-wide retirement systems created by Chapter 169 of the Revised Missouri Statutes to provide retirement allowances for substantially all of its employees. Certified employees (generally teachers and administration) are covered by the Public School Retirement System of Missouri (PSRS), and other eligible employees are covered by the Public Education Employee Retirement System of Missouri (PEERS). The systems include most of the school districts in Missouri, and are administered by a seven-member Board of Trustees, consisting of one elected PEERS member, three elected PSRS members, and three trustees appointed by the Governor, one of whom must be a PEERS or PSRS retiree. Both systems are advance funded plans which are required by statute to remain in actuarial balance.

The District's annual contributions are based upon amounts recommended by a consulting actuary not to exceed rates established by statute. The actual contribution rates for the fiscal year ended June 30, 2011 were 14.0% of PSRS members' salaries and 6.63% of PEERS members' salaries, with the total cost to the District for the year being \$9,703,511. The actual contribution rates for the fiscal year ended June 30, 2012 were 14.5% of PSRS members' salaries and 6.86% of PEERS members' salaries.

Contribution rates provide for funding the systems' liability for past service cost. However, the liability for past service cost is not allocable to individual school districts.

Non-certified employees of the District also participate in the Social Security retirement plan. There are no unfunded pension plans covering District employees.

## Employee Relations

Teachers in the District belong to the Missouri State Teachers Association, the Missouri National Education Association or are not affiliated. The Board of Education makes the final decisions on all matters of policy, salaries and working conditions.

## PROPERTY TAX INFORMATION CONCERNING THE DISTRICT

### Property Valuations

**Assessment Procedure.** All taxable real and personal property within the District is assessed annually by the County Assessor. Missouri law requires that personal property be assessed at 33-1/3% of true value and that real property be assessed at the following percentages of true value:

Residential real property .....	19%
Agricultural and horticultural real property.....	12%
Utility, industrial, commercial, railroad and all other real property .....	32%

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 0.5%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; poultry, 12%; and certain tools and equipment used for pollution control, used in retooling for the purpose of introducing new product lines or used for making improvements to existing products by certain types of companies specified by state law, 25%.

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the state legislature adopted a maintenance law in 1986. On January 1 in every odd-numbered year, each County Assessor must adjust the assessed valuation of all real

property located within the county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

**Current Assessed Valuation.** The following table shows the total assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the District (excluding state assessed railroad and utility property, except for that portion of state assessed railroad and utility property of the District located within the City of Joplin) according to the assessment for calendar year 2011 for property owned as of January 1, 2011. The values shown below were determined prior to the tornado which struck the City of Joplin on May 22, 2011.

<u>Type of Property</u>	<u>Total Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Total Estimated Actual Valuation*</u>	<u>% of Actual Valuation</u>
<b>Real:</b>				
Residential	\$341,278,370	19.00%	\$1,796,201,947	54.33%
Agricultural	3,157,230	12.00%	26,310,250	0.80%
Commercial	<u>254,179,140</u>	32.00%	<u>794,309,813</u>	<u>24.03%</u>
<b>Total Real</b>	\$598,614,740		\$2,616,822,010	79.15%
<b>Personal</b>	229,726,582	33.33%	689,179,746	20.85%
<b>State RR and Utilities:</b>	<u>13,373,439</u>	33.33%	<u>40,124,329</u>	<u>1.21%</u>
<b>Total Real &amp; Personal</b>	\$841,714,761		\$3,306,001,756	100.00%

\* Assumes all personal property is assessed at 33 1/3%; because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" discussed above.

For school taxation purposes, all state assessed railroad and utility property within a county is taxed uniformly at a rate determined by averaging the tax rates of all school districts in the county. Such tax collections for each county are distributed to the school districts within that county according to a formula based in part on total student enrollments in each district and in part on the taxes levied by each district. Under this method of distributing tax collections from state assessed railroad and utility property, it is unnecessary to determine the assessed value of such property that is physically located within the bounds of each school district. The District received \$1,017,742 for the fiscal year ended June 30, 2011 from state assessed railroad and utility property taxes.

**History of Property Valuations.** The total assessed valuation of all taxable tangible property situated in the District (excluding state assessed railroad and utility property) according to the assessments of January 1 in each of the following years, has been as follows:

<u>Year</u>	<u>Assessed Valuation</u>	<u>% Change</u>
2011	\$828,341,322	-3.87%
2010	861,646,535	-3.23
2009	890,415,476	1.30
2008	879,015,043	3.42
2007	849,907,701	6.90

### **Property Tax Levies and Collections**

Property taxes are levied and collected for the District by Jasper and Newton Counties, for which both the Counties receive a collection fee of approximately 1.5 to 2.0% of the gross tax collections made.

The District is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the District's debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk. The District must fix its ad valorem property tax rates and certify them to the County Clerk not later than September first for entry in the tax books.

The County Clerk receives the county assessment books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to him by the local taxing bodies in the tax books and assesses such rates against all taxable property in the District as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues the tax statements in early November. Taxes are due by December 31 and become delinquent if not paid to the County Collector by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of 18% of each year's delinquency. All lands and lots on which taxes are delinquent and unpaid are subject to sale at public auction in August of each year.

The County Collector is required to make disbursements of collected taxes to the District each month. Because of the tax collection procedure described above, the District receives the bulk of its moneys from local property taxes in the months of December, January and February.

### **Tax Rates**

**Debt Service Levy.** The District's debt service levy for the 2011-12 fiscal year was \$0.5600 per \$100 of assessed valuation. The District's Board of Education is expected to increase the debt service levy for the 2012-13 fiscal year to \$0.9100 per \$100 of assessed valuation in connection with the issuance of the Bonds.

Once indebtedness has been approved by requisite number of the voters voting therefor and bonds are issued, the District is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The Board of Education may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

**Operating Levy.** The operating tax levy of a school district (consisting of all ad valorem taxes levied except the debt service levy) cannot exceed the "**tax rate ceiling**" for the current year without voter approval. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the district's assessed valuation for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by the lesser of actual assessment growth, 5% or the Consumer Price Index. Without the required percentage of voter approval, the tax rate ceiling

cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate (as adjusted pursuant to the provisions of the Hancock Amendment, more fully explained below).

Under Article X, Section 11(b) of the Missouri Constitution, a school district may increase its operating levy up to \$2.75 per \$100 assessed valuation without voter approval. Any increase above \$2.75, however, must be approved by a majority of the voters voting on the proposition. Further, pursuant to Article X, Section 11(c) of the Missouri Constitution, any increase above \$6.00 must be approved by two-thirds of the voters voting on the proposition. Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate (as adjusted pursuant to the provisions of the Hancock Amendment and SB 711, more fully explained below). The tax levy for debt service on a school district's general obligation bonds is exempt from these limitations upon the tax rate ceiling.

Article X, Section 22(a) of the Missouri Constitution (popularly known as the **"Hancock Amendment"**), approved in 1980, places limitations on total state revenues and the levying or increasing of taxes without voter approval. The Missouri Supreme Court has interpreted the definition of **"total state revenues"** to exclude voter-approved tax increases. The Hancock Amendment also includes provisions for rolling back tax rates. If the assessed valuation of property, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the Consumer Price Index from the previous year (or 5%, if greater), the maximum authorized current levy must be reduced to yield the same gross revenue from existing property, adjusted for changes in the Consumer Price Index, as could have been collected at the existing authorized levy on the prior assessed value. This reduction is often referred to as a **"Hancock rollback."** The limitation on local governmental units does not apply to taxes levied in the Debt Service Fund for the payment of principal and interest on general obligation bonds.

In 2008, through the enactment of Senate Bill 711 (**"SB 711"**), the Missouri General Assembly approved further limitations on the amount of property taxes that can be imposed by a local governmental unit. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of a district's *actual* operating tax levy if its current tax levy was less than its current tax levy *ceiling*, due to the district's voluntary rollback from the maximum authorized tax levy. Under SB 711, in reassessment years (odd-numbered years), the Hancock rollback is applied to a district's *actual* operating tax levy, regardless of whether that levy is at the district's tax levy *ceiling*. This further reduction is sometimes referred to as an **"SB 711 rollback."** In non-reassessment years (even-numbered years), the operating levy may be increased to the district's tax levy ceiling (as adjusted by the Hancock rollback), only after a public hearing and adoption of a resolution or policy statement justifying the action.

Under the provisions of an initiative petition adopted by the voters of Missouri on November 2, 1982, commonly known as **"Proposition C,"** revenues generated by a 1% state sales tax are credited to a special trust fund for school districts and are deemed to be "local" revenues for school district accounting purposes. Proposition C revenues are distributed to each school district within the State on the basis of per eligible pupils. Under Proposition C, after determining its budget and the levy rate needed to produce required revenues to fund the budget, a school district must reduce the operating levy by an amount sufficient to decrease the revenues it would have received therefrom by an amount equal to approximately 50% of the estimated revenues to be received through Proposition C during the year. School districts may submit propositions to voters to forego all or a part of the reduction in the operating levy which would otherwise be required under terms of Proposition C. The District's voters approved a proposition to forego all of the reduction in the operating levy which would otherwise be required under terms of Proposition C which allows the District to levy up to its tax rate ceiling.

For fiscal year 2011-12, the District's operating levy was \$2.75 and the District's tax rate ceiling was \$2.7806 per \$100 of assessed valuation.



The tax levy for debt service on the District's general obligation bonds is exempt from the calculations of and limitations upon the tax rate ceiling.

### History of Tax Levies

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

<b>Fiscal Year Ended <u>June 30</u></b>	<b>General (Incidental) <u>Fund</u></b>	<b>Special Revenue (Teachers') <u>Fund</u></b>	<b>Debt Service <u>Fund</u></b>	<b>Capital Projects <u>Fund</u></b>	<b>Total <u>Levy</u></b>
2012	\$2.7500	\$0.0000	\$0.5600	\$0.0000	\$3.3100
2011	2.7500	0.0000	0.5600	0.0000	3.3100
2010	2.7500	0.0000	0.5600	0.0000	3.3100
2009	2.7500	0.0000	0.5600	0.0000	3.3100
2008	2.7500	0.0000	0.5600	0.0000	3.3100

### Tax Collection Record

The following table sets forth tax collection information for the District for the last five years.

<b>Fiscal Year Ended <u>June 30</u></b>	<b>Total <u>Levy</u></b>	<b>Total Taxes <u>Levied</u></b>	<b>Current &amp; Delinquent Taxes Collected</b>	
			<b><u>Amount</u></b>	<b><u>%</u></b>
2011	\$3.31	\$28,520,500	\$27,758,485	97.33%
2010	3.31	29,472,752	29,055,661	98.58
2009	3.31	29,095,398	28,994,021	99.65
2008	3.31	28,131,945	27,493,512	97.73
2007	2.96	23,533,873	23,342,345	99.19

### Major Property Taxpayers

The following table sets forth the largest property taxpayers in the District based on the valuation of property owned as of January 1, 2012:

<b>REAL ESTATE</b>			
<b>Owner</b>	<b>Type of Use</b>	<b>Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Wal-Mart	Shopping center	\$12,520,920	1.49%
Northpark Mall	Shopping center	5,840,310	0.69
Transportation Property Leasing	Transportation	4,234,180	0.50
Missouri Gas Energy	Utility	11,531,800	1.37
Mercy Lifecare Services	Healthcare services	7,443,710	0.88
North Park Crossing	Shopping center	5,603,180	0.67
Jasper Products Heritage Foods LLC	Food processing	5,122,080	0.61
General Mills Operations	Food processing	5,102,100	0.61
KIMCO Joplin 707 Inc.	Realty company	5,035,150	0.60
Broadmoor at Chelsea Co.	Apartments	<u>4,633,020</u>	<u>0.55</u>
		\$67,066,450	7.97%

# **PERSONAL PROPERTY**

<b>Owner</b>	<b>Type of Use</b>	<b>Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Missouri American Water Co	Utility	\$11,370,720	1.35%
General Mills	Food processing	5,516,800	0.66
Modine Mfg.	Auto parts	5,255,400	0.62
Jasper Products	Food processing	5,241,520	0.62
Tamko Roofing Products	Construction products	4,137,950	0.49
Tamko Building Products	Construction products	3,690,440	0.44
Cliffstar Corporation	Food processing	3,240,660	0.39
KSNF TV Nexstar Broadcasting	Broadcasting	2,075,810	0.25
Graham Packaging Co.	Plastic products	1,988,180	0.24
Tetra Pak Credit	Plastic products	<u>1,932,900</u>	<u>0.23</u>
		\$44,450,380	5.28%

Source: Jasper and Newton County's Assessor Offices

**APPENDIX B**

**JOPLIN SCHOOLS**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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JOPLIN SCHOOLS  
JOPLIN, MISSOURI  
BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2011

MENSE, CHURCHWELL & MENSE, P.C.  
Certified Public Accountants

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EUGENE M. MENSE III, C.P.A.

**INDEPENDENT AUDITORS' REPORT**

Board of Education  
Joplin Schools  
Joplin, Missouri 64801

We have audited the accompanying financial statements of the governmental activities and each major fund of the Joplin Schools (the "District") as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


As described in Note A to the financial statements, the Joplin Schools prepare its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Joplin Schools also adopted provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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 Joplin Schools as of June 30, 2011, and the respective changes in modified cash basis financial position thereof for the year then ended, in conformity with the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, 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 result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Joplin Schools' financial statements as a whole. The data contained under Other Financial Information, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note A.

  
Mense, Churchwell & Mense, P.C.  
Certified Public Accountants

Joplin, Missouri  
November 7, 2011

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Joplin Schools**  
**Joplin, Missouri**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2011**

The Management's Discussion and Analysis (MD&A) of Joplin Schools' financial performance provides an overall review of the modified-cash basis financial activities for the fiscal years ended June 30, 2011 and 2010. The reader is encouraged to consider the information presented here in conjunction with additional information presented in the financial statements, notes to the financial statements, required supplementary information and other supplementary information to enhance their understanding of the District's modified-cash basis financial performance.

The financial statements of the District have been prepared on the modified-cash basis of accounting, as applied to local governmental units, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Differences in the modified-cash basis of accounting and accounting principles generally accepted in the United States of America arise in the recognition of revenue when received, rather than when earned, and the presentation of expenditures/expenses when paid versus when incurred, except for accrued payroll for which liabilities and expenditures are recorded when incurred. Additional information of the District's modified-cash basis of accounting can be found in *Note A*.

***Financial Highlights***

The modified-cash basis total assets of the Joplin Schools exceeded its liabilities at the end of fiscal year 2011 ("FY 11") by \$53,812,882 (net assets) as compared to \$36,202,488 (net assets) in fiscal year 2010 ("FY 10"). For FY 11, \$26,992,023 (unrestricted net assets) may be used to meet the District's ongoing obligations versus \$22,478,327 (unrestricted net assets) at the end of FY 10.

For FY 11, the governmental funds reported a combined ending fund balance (modified-cash basis) of \$49,568,415, an increase of \$17,211,451 from the prior year. For FY 10, the combined ending fund balance (modified-cash basis) was \$32,356,964, a decrease of \$18,548,344 from the previous year.

The combined modified-cash basis unreserved fund balance for the General and Special Revenue (Teachers') Fund as of June 30, 2011, was \$15,991,357, or 26.8% of the FY 11 expenditures of these funds. The June 30, 2010, balance was \$13,215,049, or 21.4% of the FY 10 expenditures of these funds.

In FY11, the multi-year financial planning process included transfers of \$3,880,839 out of the General Fund to the Capital Projects Fund. The transfers to the Capital Projects Fund, and accumulated reserves from prior year transfers, provided an unrestricted Capital Projects Fund Balance of \$7.74 million, which is available to use for future capital projects and to provide contingency funds for asset replacement due to unforeseeable events.

The modified-cash basis fund balances for FY11 for all governmental funds increased by \$17.2 million. For FY10 the governmental fund balances decreased by \$18.5 million.

The net assets (modified-cash basis) of the internal service fund (Self-funded health and dental plan) increased by \$398,943 in FY 11 and increased by \$157,037 in FY 10. Although the total number and dollar amount of health claims in a year is not predictable, the goal is to increase the Self-Insurance Health Fund balance (which funds employee claims) to a reasonable level that can sustain payments in unusually high claims years. The current reinsurance deductible the fund pays for individual claims is \$150,000. The number of random occurrences of these high dollar claims in any given year is the primary determinant over time as to whether or not the fund pays a high amount of employee claims.

In April, 2007, District patrons passed a \$57,300,000 General Obligation bond issue to renew/expand one middle school, build two new middle schools, and renovate one building for ancillary operations. Bond sale proceeds of \$59.9 million were recorded as revenue in the Capital Projects Fund in FY 07. As of June 30, 2011, bond funds remaining of \$1,595,839 will be expended over the next year, as described in the bond issue election ballot and with the bond issue public information materials.

## ***Overview of the Financial Statements***

The annual financial report consists of four parts:

- Management's discussion and analysis (this section)
- Basic financial statements (district-wide and fund financial statements), including notes to the financial statements
- Required supplementary information, consisting of budgetary comparisons for the general and major special revenue funds
- Other supplementary information, including other budgetary comparison schedules and other schedules

The basic financial statements consist of two different kinds of statements that present different views of the District's modified-cash basis financial activities.

- District-wide financial statements – these financial statements provide information about the District's overall financial status both short-term (the recently completed fiscal year) and long-term. The district-wide statements include the Statement of Net Assets and Statement of Activities.
- Fund financial statements – these financial statements focus on individual funds of the District and report the District's operations in more detail than the district-wide statements.

The notes to the financial statements provide further explanation of some of the information in the statements and provide additional disclosures and more detailed data. This will allow statement readers to have a more complete description and understanding of the District's modified-cash basis financial activities and position.

The required supplementary information provides original and final budget and actual amounts for the District's general and major special revenue funds.

Other supplementary information, including budgetary comparisons for the District's other governmental funds and other schedules further explain and support the financial statements and provide information to meet various state and federal reporting requirements.

The major features of the District's modified-cash basis financial statements, including the portion of the District's activities reported and the type of information contained is shown in Table 1.

**Table 1****Major Features of the District-Wide and Fund Financial Statements**

		<b>Fund Financial Statements</b>		
	<b>District-wide Statements</b>	<b>Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities that serve other departments of the District on a cost reimbursement basis, such as the self-funded benefit program	Instances in which the District administers resources on behalf of someone else (i.e. scholarship funds)
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets (modified-cash basis)</li> <li>• Statement of activities (modified-cash basis)</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of assets, liabilities and fund balances (modified-cash basis)</li> <li>• Statement of revenues collected, expenditures, and changes in fund balances (modified-cash basis)</li> <li>• Budgetary comparison schedules (modified-cash basis) for general and major special revenue funds</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets (modified-cash basis)</li> <li>• Statement of revenues collected, expenses, and changes in net assets (modified-cash basis)</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets (modified-cash basis)</li> <li>• Statement of changes in fiduciary net assets (modified-cash basis)</li> </ul>
Accounting basis and measurement focus	Modified-cash basis of accounting and cash and investments resources focus	Modified-cash basis of accounting and cash and investment resources focus	Modified-cash basis of accounting and cash resources focus	Modified-cash basis of accounting and cash resources focus
Type of asset/liability information	Cash and investment assets and accrued payroll liabilities; no other assets or liabilities including capital assets or long-term liabilities included	Cash and investment assets and accrued payroll liabilities; no other assets or liabilities, including capital assets or long-term liabilities included	Cash assets; no other assets or liabilities included	Cash assets; no other assets or liabilities included
Type of inflow/outflow information	Revenues collected for which cash is received during the year; expenses when paid, except for payroll and related benefits which are recognized when incurred and the related liability is due and payable	Revenues collected for which cash is received during the year; expenditures when paid, except for payroll and related benefits which are recognized when incurred and the related liability is due and payable	Revenues collected for which cash is received during the year; expenses when paid	Additions for which cash is received during the year; deductions when paid

## ***District-wide Statements***

The district-wide statements report information about the District as a whole except for fiduciary activities. The two district-wide statements report the District's net assets and how they have changed. Net assets, the difference between the District's modified-cash basis assets and liabilities, are one way to measure the District's overall financial condition.

To assess the District's overall financial condition, additional non-financial factors, such as changes in the District's property tax base and the condition of its school buildings and other facilities, should be considered.

In the district-wide financial statements, the District's activities are all classified as governmental activities. Governmental activities include instruction, student services, instructional support staff, building administration, operation of plant, transportation, food service, capital outlay, debt service and community service. Property taxes and federal and state aid finance most of these activities.

## ***Fund Financial Statements***

The fund financial statements (modified-cash basis) provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as the District's self-funded benefit program) or to show that it is properly using certain revenues collected (such as contributions held for scholarships).

The District has three kinds of funds:

- Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and investments flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provided a detailed short-term modified-cash basis view that helps you determine whether there are more or fewer cash and investment resources that can be spent in the near future to finance the District's programs.
- Internal service funds – Activities of the District's self-funded health and dental program on a cost reimbursement basis, funded by participants and the District, are reported as an internal service fund.
- Fiduciary fund – The District serves in a fiduciary capacity and accounts for cash assets that are held for the benefit of individuals or private organizations. The District is responsible for ensuring that the cash assets reported in this fund are used only for their intended purpose and to whom the cash assets belong. The District excludes this fund from the district-wide financial statements because it cannot use these cash assets to finance its operations.



## Financial Analysis of the District as a Whole

Table 2 provides a summary of the District's modified-cash basis net assets for the years ending June 30, 2011 and 2010.

**Table 2**

### Statement of Net Assets (Modified-Cash Basis)

#### Assets

	Governmental Activities 2011	Governmental Activities 2010
Cash and cash equivalents	\$ 32,806,665	\$ 26,616,315
Restricted cash and cash equivalents	24,305,906	4,622,999
Restricted investments	<u>2,011,096</u>	<u>9,101,162</u>
Total assets	<u>59,123,667</u>	<u>40,340,476</u>

#### Liabilities

Accrued payroll		
Wages	2,938,732	3,032,751
Payroll taxes and withholding	<u>2,372,053</u>	<u>1,105,237</u>
Total liabilities	<u>5,310,785</u>	<u>4,137,988</u>

#### Net Assets

Restricted for debt service	4,243,374	11,037,316
Restricted for construction	1,595,839	2,686,845
Restricted for designated gifts	447,789	-
Committed for capital projects	20,000,000	-
Unrestricted	<u>27,495,880</u>	<u>22,478,327</u>
Total net assets	<u>\$ 53,812,882</u>	<u>\$ 36,202,488</u>

Total net assets increased by \$17.6 million (49%) in FY 11, and decreased by \$18.4 million (34%) during FY 10. The discussion regarding why the changes in net assets occurred can be found on page 10.

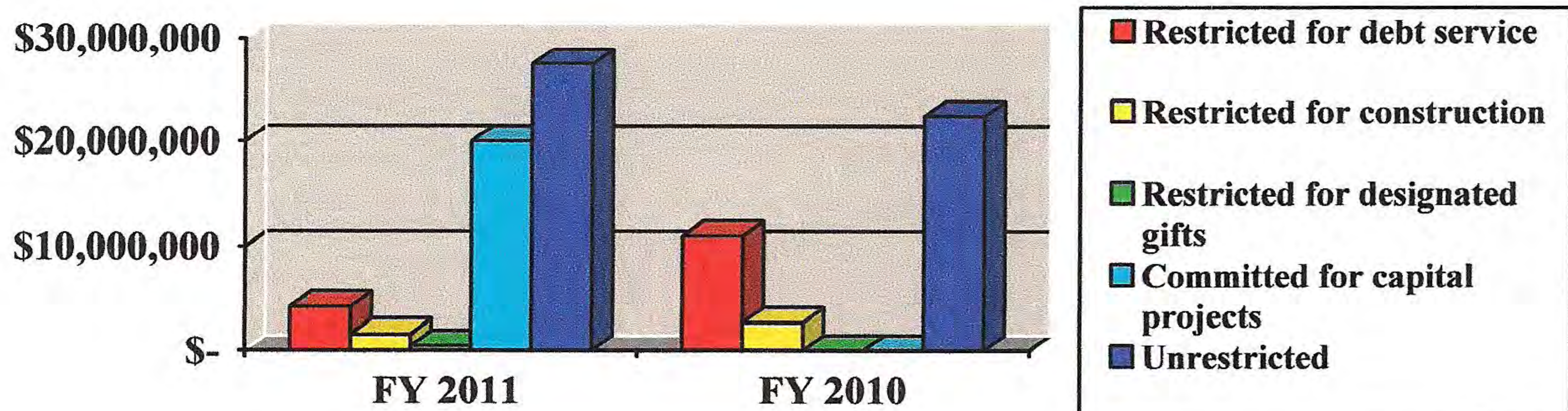




Table 3 provides the changes in net assets (modified-cash basis) for the years ended June 30, 2011 and 2010.

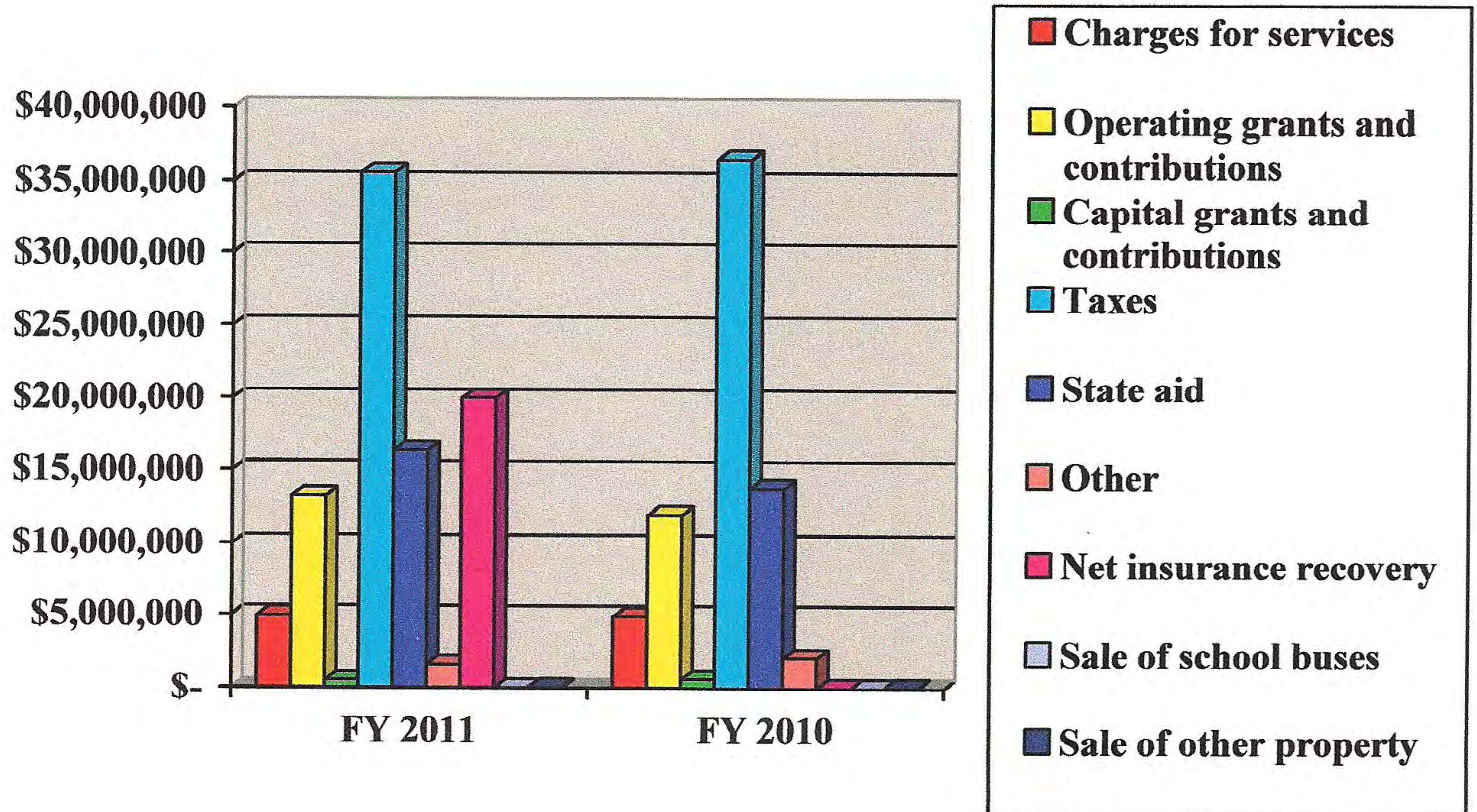
**Table 3**

**Changes in Net Assets (Modified-Cash Basis)**

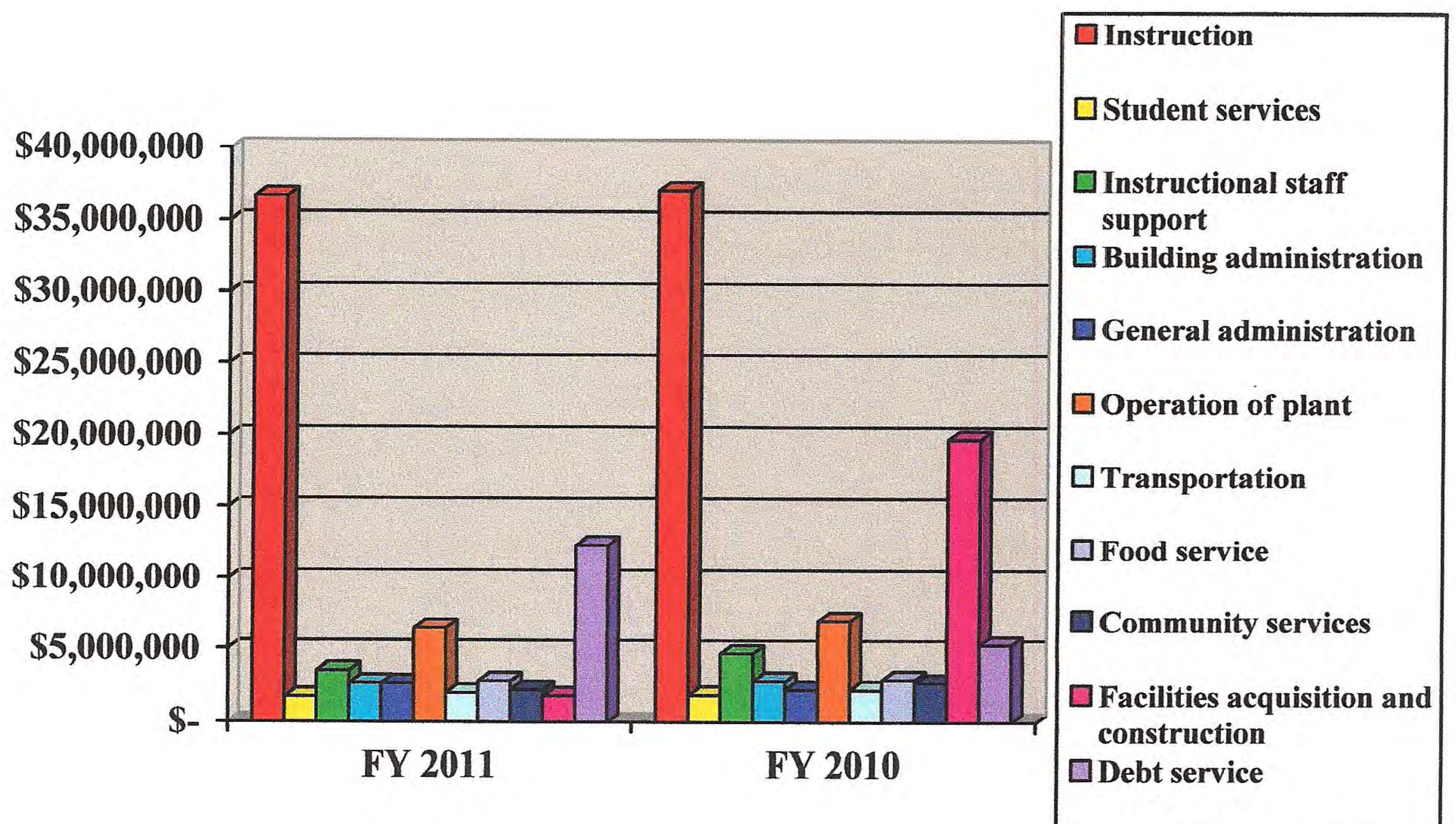
	<b>Governmental Activities 2011</b>	<b>Governmental Activities 2010</b>
Revenues collected		
Program revenues collected		
Charges for services	\$ 4,937,353	\$ 4,890,378
Operating grants and contributions	13,289,920	11,987,329
Capital grants and contributions	507,901	595,974
General revenues collected		
Taxes	35,606,046	36,540,261
State aid	16,349,844	13,810,664
Other	<u>1,650,549</u>	<u>2,102,187</u>
Total revenues collected	<u>72,341,613</u>	<u>69,926,793</u>
Expenses		
Instruction	36,643,030	37,028,083
Student services	1,736,999	1,856,761
Instructional staff support	3,474,743	4,644,600
Building administration	2,643,616	2,818,878
General administration	2,629,647	2,238,836
Operation of plant	6,440,585	6,958,973
Transportation	1,998,915	2,220,287
Food service	2,800,903	2,909,094
Community services	2,215,196	2,672,346
Facilities acquisition and construction	1,793,697	19,730,432
Debt service	<u>12,366,269</u>	<u>5,258,150</u>
Total expenses	<u>74,743,600</u>	<u>88,336,440</u>
Special Items		
Net insurance recovery	20,000,000	3,181
Sale of school buses	-	2,067
Sale of other property	<u>12,381</u>	<u>13,092</u>
Total	<u>20,012,381</u>	<u>18,340</u>
Increase (Decrease) in net assets	17,610,394	(18,391,307)
Net assets, Beginning of Year	<u>36,202,488</u>	<u>54,593,795</u>
Net assets, End of Year	<u>\$ 53,812,882</u>	<u>\$ 36,202,488</u>



## TOTAL REVENUES



## TOTAL EXPENDITURES





## Governmental and Business-Type Activities

As shown in Table 3, general revenues collected provided 74.1% and 75.0% of the total funding for governmental activities for the years ended June 30, 2011 and 2010, respectively. The Joplin Schools relies on taxes for funding its governmental activities with 49% and 52% of total revenues collected coming from taxes for the years ended June 30, 2011 and 2010, respectively.

The changes in the District's overall modified-cash basis financial position, an increase in net assets for fiscal year 2011 of \$17,610,394 can attributed primarily to the following:

- Receipt of \$20 million insurance proceeds for tornado damage. Expenditures to reconstruct and replace items lost will be made in FY12.

Table 4 presents the cost of each of the major district governmental activities. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 4**

### Net Cost of Governmental Activities (Modified-Cash Basis)

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Expenses				
Instruction	\$ 36,643,030	\$ 23,960,839	\$ 37,028,083	\$ 26,133,481
Student services	1,736,999	1,736,999	1,856,761	1,803,847
Instructional staff support	3,474,743	2,872,402	4,644,600	4,099,927
Building and central services	2,643,616	2,643,616	2,818,878	2,818,878
Business administration	2,629,647	2,629,647	2,238,836	2,238,836
Operation of plant	6,440,585	6,440,585	6,958,973	6,958,973
Transportation	1,998,915	1,464,882	2,220,287	1,497,186
Food service	2,800,903	(174,619)	2,909,094	(374,641)
Facilities acquisition and construction	1,793,697	1,793,697	19,730,432	19,730,432
Debt service	12,366,269	12,366,269	5,258,150	5,258,150
Community service	2,215,196	274,109	2,672,346	697,690
Total	<u>\$ 74,743,600</u>	<u>\$ 56,008,426</u>	<u>\$ 88,336,440</u>	<u>\$ 70,862,759</u>

Table 4 provides the following highlights:

- Instruction expenses are reduced by \$397,076 for FY 11 and by \$155,256 for FY 10 to reflect the net operating activity of the Internal Service Fund.
- The total cost of all governmental activities for FY 11 was \$75 million, as compared to \$88 million in FY 10.
- Instruction represents 49% and 42% of the total cost of all governmental activities of the District for FY 11 and FY 10, respectively.
- The net cost of all governmental activities was \$56.0 million in FY 11, with \$18.7 million of the total cost being financed by revenues collected generated by the governmental activities. These figures were \$70.9 million and \$17.5 million in FY 10.
- Operation of Plant represents 8.6% and 7.9% of the total cost of all governmental activities of the District for FY 11 and FY 10, respectively.

## ***Financial Analysis of the District's Funds***

The modified-cash basis financial performance of the District as a whole is reflected in its governmental funds as well. The District completed the year with a total governmental fund balance of \$49,568,415, an increase of \$17,211,451 over the previous year.

The District budgeted a planned deficit of \$(4,316,160) in the General Fund, but ended the year with an increase of \$2,775,923, or a positive variance of \$7,092,083. The significant variance (positive) from the final budget in the operating fund (General and Special Revenue Funds) was primarily the result of the following factors:

- The District received approximately \$2.3 million less in revenues collected than was budgeted.
- The District expended approximately \$6.3 million less than was budgeted.
- The District transferred approximately \$5.2 million less than was budgeted out of the general fund to the Special Revenue Fund, and approximately \$2.1 million more than was budgeted out of the General Fund to the Capital Project Fund.

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

The District follows a conservative approach to budgeting by underestimating revenues collected and overestimating expenditures within a reasonable range.

The District adopts a final budget in June each year for the following fiscal year. However, it is anticipated that budget amendments will be made periodically as additional information becomes available. Generally, the original budget is amended several times a year. For FY 11, the General Fund budget amendments included:

- Increasing state and federal grant revenues and expenditures by approximately \$1.2 million.

## ***Capital Assets***

The District operates under the modified-cash basis of accounting, therefore, capital asset purchases are recorded as expenditures/expenses and depreciation is not recognized. Capital assets are not reflected in the financial statements.

## ***Debt Administration***

The District operates under the modified-cash basis of accounting, therefore, payments on long-term debt are recorded as expenditures/expenses. Long-term debt is not reflected in the financial statements. Commitments for long-term debt are disclosed in the notes to the financial statements.

As of June 30, 2011, the District had \$67,885,000 in general obligation bonds outstanding, a \$8,845,000 decrease from the June 30, 2010, balance. At June 30, 2011, the District had no capital leases payable. (More detailed information regarding long-term debt can be found in the notes to the financial statements, Notes E and G on pages 28, 29 and 31.)

The outstanding general obligation bonds of the District have a Standard & Poor's rating of AA+ due to participation in the Missouri School District Direct Deposit Program and purchased insurance coverage. In addition, Standard & Poor's has issued the District an underlying rating of A+, based on local rating characteristics.

The District also incurs obligations for compensated absences and claims associated with the self-funded benefit program. The obligation for vacation and health care claims at June 30, 2011, was \$328,815 and \$487,085, respectively and for June 30, 2010, was \$99,679 and \$406,311, respectively.

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

This financial report is designed to provide a general overview of the Joplin Schools' modified-cash basis finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Joplin Schools, P.O. Box 128, Joplin MO 64802.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

JOPLIN SCHOOLS  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
June 30, 2011

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 32,806,665
Restricted cash and cash equivalents	24,305,906
Restricted investments	<u>2,011,096</u>
TOTAL ASSETS	<u>59,123,667</u>
LIABILITIES	
Accrued payroll	
Wages	2,938,732
Payroll taxes and withholdings	<u>2,372,053</u>
TOTAL LIABILITIES	<u>5,310,785</u>
NET ASSETS	
Restricted for debt service	4,243,374
Restricted for capital projects	21,595,839
Restricted for designated gifts	477,789
Unrestricted	<u>27,495,880</u>
TOTAL NET ASSETS	<u><u>\$ 53,812,882</u></u>

The accompanying notes are an integral part of this statement.



JOPLIN SCHOOLS  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
Year Ended June 30, 2011

		Program Revenues Collected			Net (Expenses) Revenues Collected and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ (36,643,030)	\$ 2,710,607	\$ 9,463,683	\$ 507,901	\$ (23,960,839)
Student services	(1,736,999)	-	-	-	(1,736,999)
Instructional staff support	(3,474,743)	-	602,341	-	(2,872,402)
Building administration	(2,643,616)	-	-	-	(2,643,616)
General administration	(2,629,647)	-	-	-	(2,629,647)
Operation of plant	(6,440,585)	-	-	-	(6,440,585)
Transportation	(1,998,915)	-	534,033	-	(1,464,882)
Food service	(2,800,903)	759,985	2,215,537	-	174,619
Community services	(2,215,196)	1,466,761	474,326	-	(274,109)
Facilities acquisition and construction	(1,793,697)	-	-	-	(1,793,697)
Debt service	(12,366,269)	-	-	-	(12,366,269)
	NET PROGRAM (EXPENSES)				
	REVENUES COLLECTED				
	<u>\$ (74,743,600)</u>	<u>\$ 4,937,353</u>	<u>\$ 13,289,920</u>	<u>\$ 507,901</u>	<u>(56,008,426)</u>
General Revenues Collected:					
Ad valorem tax revenues collected					27,758,485
Prop C sales tax revenues collected					6,199,962
Other tax revenues collected					1,647,599
County revenues collected					1,246,685
State revenues collected					16,349,844
Interest revenues collected					403,864
	TOTAL GENERAL				
	REVENUES COLLECTED				<u>53,606,439</u>
Special Items:					
Net insurance recovery					20,000,000
Sale of other property					12,381
	TOTAL SPECIAL ITEMS				<u>20,012,381</u>
INCREASE IN NET ASSETS					17,610,394
NET ASSETS - Beginning of year					<u>36,202,488</u>
NET ASSETS - End of year					<u>\$ 53,812,882</u>

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

JOPLIN SCHOOLS  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES - GOVERNMENTAL FUNDS -  
MODIFIED CASH BASIS  
June 30, 2011

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Government Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 15,659,962	\$ 5,164,391	\$ -	\$ 7,737,845	\$ 28,562,198
Restricted cash and cash equivalents	477,789	-	2,232,278	21,595,839	24,305,906
Restricted investments	-	-	2,011,096	-	2,011,096
<b>TOTAL ASSETS</b>	<u>\$ 16,137,751</u>	<u>\$ 5,164,391</u>	<u>\$ 4,243,374</u>	<u>\$ 29,333,684</u>	<u>\$ 54,879,200</u>
<b>LIABILITIES</b>					
Accrued Payroll					
Wages	\$ 81,933	\$ 2,856,799	\$ -	\$ -	\$ 2,938,732
Payroll taxes and withholdings	64,461	2,307,592	-	-	2,372,053
<b>TOTAL LIABILITIES</b>	<u>146,394</u>	<u>5,164,391</u>	<u>-</u>	<u>-</u>	<u>5,310,785</u>
<b>FUND BALANCES</b>					
Restricted for debt service	-	-	4,243,374	-	4,243,374
Restricted for capital projects	-	-	-	1,595,839	1,595,839
Restricted for designated gifts	477,789	-	-	-	477,789
Committed for capital projects	-	-	-	20,000,000	20,000,000
Unassigned	15,513,568	-	-	7,737,845	23,251,413
<b>TOTAL FUND BALANCES</b>	<u>15,991,357</u>	<u>-</u>	<u>4,243,374</u>	<u>29,333,684</u>	<u>49,568,415</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 16,137,751</u>	<u>\$ 5,164,391</u>	<u>\$ 4,243,374</u>	<u>\$ 29,333,684</u>	<u>\$ 54,879,200</u>

RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES, AND FUND  
BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS TO THE  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

Total Fund Balances - Governmental Funds	\$ 49,568,415
Amounts reported for governmental activities in the statement of net assets are different because:	
An internal service fund is used by the District's management to charge the costs of the self-funded healthcare plan to the individual funds. The assets of the internal service fund are included in governmental activities in the statement of net assets - modified cash basis	4,244,467
Net Assets of Governmental Activities	<u>\$ 53,812,882</u>

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS  
STATEMENT OF REVENUES COLLECTED EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES COLLECTED					
Local	\$ 26,817,693	\$ 7,714,073	\$ 5,352,840	\$ 295,872	\$ 40,180,478
County	798,255	228,943	219,487	-	1,246,685
State	4,408,891	14,850,753	-	30,877	19,290,521
Federal	6,152,505	4,465,415	-	247,977	10,865,897
Other	96,008	660,157	-	-	756,165
TOTAL REVENUES COLLECTED	38,273,352	27,919,341	5,572,327	574,726	72,339,746
EXPENDITURES					
Instruction	7,001,512	29,617,440	-	421,154	37,040,106
Student services	542,672	1,194,327	-	-	1,736,999
Instructional staff support	1,290,526	1,874,204	-	310,013	3,474,743
Building administration	906,890	1,736,520	-	206	2,643,616
General administration	2,034,690	214,541	-	380,416	2,629,647
Operation of plant	6,357,986	-	-	82,599	6,440,585
Transportation	1,794,678	-	-	204,237	1,998,915
Food service	2,779,570	-	-	21,333	2,800,903
Adult basic education	36,231	173,491	-	-	209,722
Adult continuing education	624,612	1,003,333	-	12,825	1,640,770
Community services	364,704	-	-	-	364,704
Facilities acquisition and construction	-	-	-	1,793,697	1,793,697
Debt service	-	-	12,366,269	-	12,366,269
TOTAL EXPENDITURES	23,734,071	35,813,856	12,366,269	3,226,480	75,140,676
EXCESS (DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES	14,539,281	(7,894,515)	(6,793,942)	(2,651,754)	(2,800,930)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	7,894,515	-	3,880,839	11,775,354
Operating transfers (out)	(11,775,354)	-	-	-	(11,775,354)
Net insurance recovery	-	-	-	20,000,000	20,000,000
Sale of other property	12,381	-	-	-	12,381
TOTAL OTHER FINANCING SOURCES (USES)	(11,762,973)	7,894,515	-	23,880,839	20,012,381
EXCESS (DEFICIT) OF REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	2,776,308	-	(6,793,942)	21,229,085	17,211,451
FUND BALANCE, July 1, 2010	13,215,049	-	11,037,316	8,104,599	32,356,964
FUND BALANCE June 30, 2011	\$ 15,991,357	\$ -	\$ 4,243,374	\$ 29,333,684	\$ 49,568,415

RECONCILIATION OF THE STATEMENT OF REVENUE COLLECTED, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS TO  
THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Net change in fund balances - total governmental funds - modified cash basis \$ 17,211,451

An internal service fund is used by the District's management to charge the costs of the self-funded health care plan to the individual funds. The net expenses of the activities of the internal service fund is reported with governmental activities

398,943

Change in net assets of governmental activities - modified cash basis

\$ 17,610,394

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS  
STATEMENT OF NET ASSETS - INTERNAL SERVICE FUND - MODIFIED CASH BASIS  
June 30, 2011

	<u>Internal Service Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 4,244,467</u>
TOTAL ASSETS	<u><u>\$ 4,244,467</u></u>
NET ASSETS	
Committed for Health and Dental Claims	<u>\$ 4,244,467</u>
TOTAL NET ASSETS	<u><u>\$ 4,244,467</u></u>

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS  
STATEMENT OF REVENUES COLLECTED, EXPENSES PAID AND CHANGES IN NET ASSETS -  
INTERNAL SERVICE FUND - MODIFIED CASH BASIS  
Year Ended June 30, 2011

	Internal Service Fund
REVENUES COLLECTED	
Charges for services	<u>\$ 4,758,636</u>
TOTAL REVENUES COLLECTED	<u>4,758,636</u>
EXPENSES PAID	
Insurance claims and administrative expenses	<u>4,361,560</u>
TOTAL EXPENSES PAID	<u>4,361,560</u>
OPERATING INCOME	<u>397,076</u>
NONOPERATING REVENUES COLLECTED	
Interest	<u>1,867</u>
TOTAL NONOPERATING REVENUES COLLECTED	<u>1,867</u>
NET INCOME	398,943
NET ASSETS, July 1, 2010	<u>3,845,524</u>
NET ASSETS, June 30, 2011	<u><u>\$ 4,244,467</u></u>

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS  
STATEMENT OF NET ASSETS - FIDUCIARY FUND - MODIFIED CASH BASIS  
June 30, 2011

	<u>Scholarship Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 554,781</u>
TOTAL ASSETS	<u><u>\$ 554,781</u></u>
NET ASSETS	
Held in trust for student scholarships	<u>\$ 554,781</u>
TOTAL NET ASSETS	<u><u>\$ 554,781</u></u>

The accompanying notes are an integral part of this statement.

JOPLIN SCHOOLS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
Year Ended June 30, 2011

	<u>Scholarship Fund</u>
ADDITIONS	
Contributions	\$ 40,402
Interest	<u>273</u>
TOTAL ADDITIONS	<u>40,675</u>
DEDUCTIONS	
Scholarships	<u>41,060</u>
TOTAL DEDUCTIONS	<u>41,060</u>
CHANGE IN NET ASSETS	(385)
NET ASSETS, July 1, 2010	<u>555,166</u>
NET ASSETS, June 30, 2011	<u><u>\$ 554,781</u></u>

The accompanying notes are an integral part of this statement.



JOPLIN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principle. The District has adopted the reporting model as required by GASB Statement No. 34, for the presentation of information in the government-wide financial statements and the major fund statements. The more significant of the District’s accounting policies are described below.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component unit can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The District is a primary government, which is governed by an elected seven-member board. As required by accounting principles generally accepted in the United States of America, the District has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The District has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the District’s financial statements. In addition, the District is not aware of any entity for which the District would be considered as a component unit of that entity.

Basis of Presentation

*Government-Wide Financial Statements*

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

JOPLIN SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues collected and expenditures. The District has governmental funds, a proprietary fund and a fiduciary fund. The funds of the District are all considered major funds.

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

General Fund – Accounts for expenditures for non certified employees, school 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 – Accounts for expenditures for certified employees involved in administration and instruction, and includes revenues collected restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District's tax levy.

Debt Service Fund – Accounts for revenues collected designated for the retirement of principal and interest on the Districts' long-term debt.

Capital Projects Fund – Accounts for taxes and other revenues collected designated for acquisition or construction of major capital assets and other capital outlay as defined by the State of Missouri statutes.

Fiduciary Fund – Accounts for monies held in a trustee capacity restricted for the student scholarships.

Internal Service Fund – Accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the District. The Internal Service Fund of the District is used to account for the medical, dental, and prescription drug self-insurance program.

JOPLIN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The government-wide Statement of Net Assets and Statement of Activities and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net assets/fund equity, revenues collected, and expenditures when they result from cash transactions. The modification of the cash basis of accounting relates to the presentation of investments and payroll liabilities. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The measurement focus of the government-wide financial statements differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation to identify the relationship between the government-wide financial statements and the statements for governmental funds.

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

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

Capital Outlay

General fixed assets are recorded as expenditures in the Capital Projects Fund at the time the goods received are paid for.

Compensated Absences

The District's policies regarding compensated absences permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is not recorded in the government-wide financial statements. Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on the employee's rate of pay.

JOPLIN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Debt

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

Teachers' Salaries

The salary payment schedule of the District for the 2010-2011 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2011, payroll checks are included in the financial statements as expenditures in the month of June. The practice has been consistently followed in previous years.

Pooled Cash and Cash Equivalents

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

Equity

In the government-wide financial statements, equity is classified as net assets and displayed in two components:

- A. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- B. Unrestricted net assets – All other net assets that do not meet the definition of “restricted.”

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

JOPLIN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Reporting

In the fund financial statements, governmental fund equity is classified as fund balance. The Governmental Accounting Standards Board (GASB) has issued Statement No. 54. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact including amounts associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale ( unless the proceeds are restricted, committed, or assigned).

Restricted – amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through the same type of action it employed to previously commit those amount.

Assigned – Fund balance including amount that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Superintendent or their designee may assign amounts for specific purposes.

Unassigned – Fund balance representing the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entry.

First, nonspendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balances.

It is possible for the non-general funds to have negative unassigned fund balances when nonspendable amount plus the restricted fund balances for specific purposes amount, exceed the positive fund balance for the non-general fund.

JOPLIN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Receipts

Amounts reported as program receipts include 1) charges to students or others for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental receipts are reported as general receipts. All taxes are classified as general receipts even if restricted for a specific purpose.

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2011, all bank balances on deposit are entirely insured or collateralized with securities.

NOTE C – INVESTMENTS

The District may purchase any investments allowed by the State Treasurer. These include U.S. Treasury securities, U.S. agency securities, securities issued by the State of Missouri, repurchase agreements, certificates of deposit, bankers' acceptances and commercial paper.

The District participates in the Missouri Direct Deposit Program which is a mechanism for public school bond repayments through the MOHEFA Bond Program. It authorizes the direct deposit of a portion of the District's state aid payment by the State of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payments to the paying agent on the bonds. Investments of the District as of June 30, 2011, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Investment Contract Fund with Wells Fargo Bank through the Missouri Direct Deposit Program	N/A	<u>\$ 2,011,096</u>
		<u>\$ 2,011,096</u>

Investment Contracts with Wells Fargo Bank

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

JOPLIN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE C – INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensibility of its fair value to changes in market interest rates. The District minimizes interest rate risk by structuring its investment portfolio so that securities mature to meet anticipated cash flows for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds in primarily shorter-term securities.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To protect against credit risk, the District restricts investments to those with a rating of AAA by Standards and Poor's or A1+/P1 by Moody's. These ratings are the highest given by the agencies and indicate a low credit risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To minimize custodial credit risk, it is the District's policy that all securities purchased be perfected in the name of or for the account of the District and be held by a third-party custodian as evidenced by appropriate safekeeping receipts.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a specific maturity, issuer or class of security. The District's investment policy includes minimum diversification standards by security type and issuer and maximum maturity provisions.

NOTE D – TAXES

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

JOPLIN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE D – TAXES (Continued)

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 unless the votes have approved a waiver of the rollback provision. The District has voted a full waiver of the rollback provision.

The assessed valuation of the tangible taxable property for the calendar year 2010 for purposes of local taxation was:

Real estate	\$ 612,195,720
Personal property	<u>249,450,815</u>
TOTAL ASSESSED VALUATION	<u><u>\$ 861,646,535</u></u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2010 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 2.7500	\$ 2.7500
Debt Service Fund	<u>0.5600</u>	<u>0.5600</u>
TOTAL LEVY	<u><u>\$ 3.3100</u></u>	<u><u>\$ 3.3100</u></u>

The revenues collected of current and delinquent property taxes during the fiscal year ended June 30, 2011, aggregated approximately 97.33% of the current assessment computed on the basis of the levy as shown above.

NOTE E – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at June 30, 2011, consist of:

\$7,100,000 general obligation crossover refunding bonds due in varying annual installments through March 1, 2021; interest at 4.5% to 5.25%.	\$ 7,100,000
\$6,750,000 general obligation bonds due in varying annual installments through March 1, 2019; interest at 4.4% to 5.10%.	6,335,000
\$4,575,000 general obligation refunding bonds due in varying annual installments through March 1, 2013; interest at 3.0% to 4.75%.	1,000,000
\$57,300,000 general obligation bonds due in varying annual installments through March 1, 2027; interest at 4.0% to 5.0%.	<u>53,450,000</u>
	<u><u>\$ 67,885,000</u></u>



JOPLIN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE E – GENERAL OBLIGATION BONDS PAYABLE (Continued)

The following is a summary of bond transactions for the year ended June 30, 2011:

Bonds Payable, July 1, 2010	\$ 76,730,000
Bonds issued	-
Bonds retired	<u>(8,845,000)</u>
Bonds Payable, June 30, 2011	<u><u>\$ 67,885,000</u></u>

Debt service requirements are:

Year Ended June 30,	Principal	Interest	Total
2012	\$ 1,935,000	\$ 3,092,734	\$ 5,027,734
2013	2,210,000	3,013,261	5,223,261
2014	2,430,000	2,922,385	5,352,385
2015	2,465,000	2,826,888	5,291,888
2016	2,950,000	2,730,158	5,680,158
2017	2,935,000	2,614,347	5,549,347
2018	3,365,000	2,499,108	5,864,108
2019	3,590,000	2,359,718	5,949,718
2020	4,130,000	2,211,162	6,341,162
2021	4,375,000	2,027,600	6,402,600
2022	5,000,000	1,833,000	6,833,000
2023	5,500,000	1,609,250	7,109,250
2024	6,000,000	1,334,250	7,334,250
2025	6,500,000	1,034,250	7,534,250
2026	7,000,000	709,250	7,709,250
2027	<u>7,500,000</u>	<u>359,250</u>	<u>7,859,250</u>
	<u><u>\$ 67,885,000</u></u>	<u><u>\$ 33,176,611</u></u>	<u><u>\$ 101,061,611</u></u>

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized General Obligation Bonds of a district to 15% of the assessed valuation of the District. The legal debt margin (excluding state assessed railroad and utility) of the District at June 30, 2011, was:

Constitution debt limit	\$ 129,246,980
General obligation bonds payable	(67,885,000)
Amount available in Debt Service Fund	<u>4,243,374</u>
LEGAL DEBT MARGIN	<u><u>\$ 65,605,354</u></u>

JOPLIN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE F – RETIREMENT PLANS

The District contributed to the Public Schools Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to full-time (and certain part-time) certificated employees and death benefits to members and beneficiaries. Positions covered by the Public School Retirement System are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010 - .141 of the Missouri Revised Statutes (1986). The statutes assign responsibility for the administration of the system to a seven-member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PSRS members are required to contribute 14.0% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by PSRS Board of Trustees. The District's contributions to PSRS for the years ending June 30, 2011, 2010, and 2009, were \$8,409,652, \$8,664,506, and \$8,062,192, respectively, equal to the required contributions.

The District also contributes to the Public Education Employee Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to the employees of the District who work 20 or more hours per week and who do not contribute to the Public School Retirement System of Missouri. Positions covered by the Public Education Employee Retirement System are also covered by Social Security. Benefit provisions are set forth in Chapter 169.600 - .715 of the Missouri Revised Statutes (1986). The statutes assign responsibility for the administration of the system of the Board of Trustees of the Public School Retirement System. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Education Employee Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PEERS members are required to contribute 6.63% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of the members and the District are established and may be amended by the Board of Trustees. The Joplin Schools' contributions to PEERS for the years ending June 30, 2011, 2010, and 2009, were \$1,293,859, \$1,368,478, and \$1,351,634 respectively, equal to the required contributions.

JOPLIN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE G – COMPENSATED ABSENCES PAYABLE

Compensated absences payable at June 30, 2011, consists of vacation days payable to District employees. The District allows full-time employees to earn 5-20 days of vacation annually, depending on length of service. Employees who leave the District receive payment for accumulated vacation days based on their pay rate. Total compensated absences payable at June 30, 2011, was \$328,815.

NOTE H – CLAIMS AND ADJUSTMENTS

The District participates in a number of federal and state programs that are fully or partially funded by grants received from the other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor governments, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE I – SELF INSURANCE FUND

The District maintains a self-funded health insurance program with claims processed by a third party administrator on behalf of the District. A separate Self-Insurance Health Fund (an internal service fund) was created to account for and finance the health insurance program.

The District has established a medical care, dental care, and prescription drug self-insurance plan for substantially all District employees to minimize the total cost of health insurance to the District. This program is for the benefit of the all regular, full-time District employees. Medical claims exceeding an individual participant limit of \$150,000 are covered through a private insurance carrier.

The cash transactions of the health care plan are accounted for in the Self-Insurance Health Fund, an internal service fund. At June 30, 2011, the estimated obligation of health claims based on claims filed prior to, but not yet paid, as of year-end, claims incurred during the year but filed subsequent to year-end, and an additional amount for incurred but not reported claims based on prior experience was \$487,085. Changes in the estimated benefit obligation during the year ended June 30, 2011 are as follows:

Estimated Benefit Obligation, beginning of year	\$ 406,311
Claims incurred	(3,775,161)
Claims paid	<u>3,855,935</u>
Estimated Benefit Obligation, end of year	<u><u>\$ 487,085</u></u>

JOPLIN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE J – RISK MANAGEMENT

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

NOTE K – INTERFUND TRANSFERS

Transfers between funds of the District for the year ended June 30, 2011, were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 11,755,354
Special Revenue Fund	7,894,515	-
Capital Projects Fund	3,880,839	-
	<u>\$ 11,775,354</u>	<u>\$ 11,755,354</u>

The District is required to make a transfer from the General Fund to the Special Fund to cover the excess of expenditures over revenues collected each year. The District makes allowed transfers from the General Fund to the Capital Projects Fund to cover expenditures and build balances as allowed by state law.

NOTE L – RECONCILIATION TO ANNUAL SECRETARY OF THE BOARD REPORT  
(ASBR)

**Fiduciary Fund**

For ASBR reporting, the District has recorded revenues collected, expenditures and fund balance of the private purpose trust fund within the General Fund, however, for the fund financial statements the Fiduciary Fund is separately reported and therefore is not included as part of the General Fund.

JOPLIN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE L – RECONCILIATION TO ANNUAL SECRETARY OF THE BOARD REPORT  
(ASBR) (Continued)

**Fiduciary Fund**

The revenues collected, expenditures and fund balances of the General Fund as presented in the fund financial statement are reconciled to the ASBR as follows:

Total General Fund revenues collected per Statement of Revenues Collected, Expenditures and Changes in Fund Balances - Modified Cash Basis	\$ 38,285,712
Plus: Private-Purpose Trust Fund revenues collected	<u>40,675</u>
Total General Fund revenues collected per ASBR	<u><u>\$ 38,326,387</u></u>
Total General Fund expenditures per Statement of Revenues Collected, Expenditures and Changes in Fund Balances - Modified Cash Basis	\$ 23,734,048
Plus: Private-Purpose Trust Fund expenditures	<u>41,060</u>
Total General Fund expenditures per ASBR	<u><u>\$ 23,775,108</u></u>

NOTE M – OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note F, the District provides healthcare benefits to employees who retire, or who have retired, and receive or are eligible to receive benefits under the retirement plans described in Note F, as mandated by Section 169.590 of the Missouri Revised Statutes. Retirees must apply for coverage within 30 days of their effective retirement date in order to be eligible to participate in the plan, which funded on a pay-as-you-go basis. The amount of expenses incurred by the plan for benefits to retirees during the year ended June 30, 2011, is not reasonably determinable.

JOPLIN SCHOOLS  
NOTE TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE N – COMMITMENTS

Due to the May 22, 2011 tornado that passed through the City of Joplin, MO, many of the schools within the Joplin Schools District were destroyed. The District has entered into multiple lease agreements to rent property to be used as temporary schools and contracts for work on the remodeling and improvements necessitated by code and specific use as a school, while waiting on the reconstruction of the schools that were destroyed. The following is the monthly lease payment schedule for the temporary schools:

Joplin High School	
Northpark Mall/Joplin LLC	\$ 11,188
Kir Joplin L.P.	83,333
City of Joplin, MO	33,333
Franklin Technology Center	
Bentley Investments of Nevada, LLC	35,000
East Middle School	
Joplin Business and Industrial Development Corporation	<u>36,000</u>
Total monthly lease payment	<u><u>\$ 198,854</u></u>

As of June 30, 2011, the District is committed to the following construction contracts for the remodeling and improvements of temporary locations:

Joplin High School	
Crossland Construction Co., Inc.	\$ 5,598,518
Corner Greer & Associates, Inc.	300,000
Franklin Technology Center	
R.E. Smith Construction Company	2,985,935
Sapp Design Associates Architects, P.C.	196,350
East Middle School	
Crossland Construction Co., Inc.	4,911,422
Patterson Latimer Jones Brannon Denham, Inc.	254,950
Cecil Floyd Elementary School	
R.E. Smith Construction Company	2,103,769
Patterson Latimer Jones Brannon Denham, Inc.	64,926
Roi S Wood Administration Building	
R.E. Smith Construction Company	949,285
Patterson Latimer Jones Brannon Denham, Inc.	<u>56,750</u>
	<u><u>\$ 17,421,905</u></u>

The District is expecting 75% of these lease and construction costs to be reimbursed by FEMA, and 10% to be reimbursed by the State of Missouri.

JOPLIN SCHOOLS  
NOTE TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE N – COMMITMENTS (Continued)

The local share of temporary modular facilities provided by FEMA is due when students move to permanent facilities. Estimated total cost of the modular facilities is \$15.9 million, with an estimated local share of \$2.4 million.

NOTE O – ARBITRAGE PAYABLE

Under certain provisions in the Federal Tax Code, the District is required to rebate arbitrage earnings of tax-exempt debt to the federal government every five years as long as the bonds remain outstanding. Arbitrage earnings occur when the District invests proceeds from its low-interest, tax-exempt debt issue into securities with a higher interest yield. The District had arbitrage earnings through June 30, 2011, of \$771,766.

NOTE P – SUBSEQUENT EVENTS

On August 15, 2011, the District entered into a two year municipal lease agreement with Sovereign Leasing, LLC to lease ten (10) school buses at the rate of \$8,888 per month including principal and interest for usage during school year 2011-2012.

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**REQUIRED SUPPLEMENTARY INFORMATION**

JOPLIN SCHOOLS  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES COLLECTED				
Local	\$ 26,945,119	\$ 27,510,969	\$ 26,858,368	\$ (652,601)
County	750,000	750,000	798,255	48,255
State	3,695,438	3,590,858	4,408,891	818,033
Federal	7,482,168	8,739,916	6,152,505	(2,587,411)
Other	-	-	96,008	96,008
TOTAL REVENUES COLLECTED	38,872,725	40,591,743	38,314,027	(2,277,716)
EXPENDITURES				
Instruction	7,174,850	8,653,829	7,001,512	1,652,317
Student services	489,577	596,005	542,672	53,333
Instructional staff support	1,462,269	1,673,140	1,290,526	382,614
Building administration	943,321	943,321	906,890	36,431
General administration	2,353,815	2,398,815	2,034,690	364,125
Operation of plant	7,331,136	7,331,136	6,357,986	973,150
Transportation	1,804,333	2,352,333	1,794,678	557,655
Food service	2,906,952	2,906,952	2,779,570	127,382
Adult basic education	31,935	36,791	36,231	560
Adult continuing education	2,341,057	2,731,832	624,612	2,107,220
Community services	492,335	401,085	405,764	(4,679)
TOTAL EXPENDITURES	27,331,580	30,025,239	23,775,131	6,250,108
(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES	11,541,145	10,566,504	14,538,896	3,972,392
OTHER FINANCING SOURCES				
Operating transfers in (out)	(14,298,229)	(14,882,664)	(11,775,354)	3,107,310
Sale of other property	-	-	12,381	12,381
TOTAL OTHER FINANCING SOURCES	(14,298,229)	(14,882,664)	(11,762,973)	3,119,691
EXCESS OF REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES	(2,757,084)	(4,316,160)	2,775,923	7,092,083
FUND BALANCE, July 1, 2010	13,770,215	13,770,215	13,770,215	-
FUND BALANCE, June 30, 2011	\$ 11,013,131	\$ 9,454,055	\$ 16,546,138	\$ 7,092,083

JOPLIN SCHOOLS  
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND  
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES COLLECTED				
Local	\$ 7,551,582	\$ 7,551,582	\$ 7,714,073	\$ 162,491
County	240,000	240,000	228,943	(11,057)
State	12,320,883	11,303,075	14,850,753	3,547,678
Federal	4,565,445	4,782,431	4,465,415	(317,016)
Other	989,694	997,607	660,157	(337,450)
TOTAL REVENUES COLLECTED	25,667,604	24,874,695	27,919,341	3,044,646
EXPENDITURES				
Instruction	32,000,109	31,916,576	29,617,440	2,299,136
Student services	945,166	945,166	946,253	(1,087)
Instructional staff support	1,538,454	1,419,687	1,378,055	41,632
Building administration	2,332,955	2,332,955	2,480,743	(147,788)
General administration	244,007	244,007	214,541	29,466
Adult basic education	184,190	178,015	173,491	4,524
Adult continuing education	1,020,952	1,020,952	1,003,333	17,619
TOTAL EXPENDITURES	38,265,833	38,057,358	35,813,856	2,243,502
(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES	(12,598,229)	(13,182,663)	(7,894,515)	5,288,148
OTHER FINANCING SOURCES				
Operating transfers in	12,598,229	13,182,663	7,894,515	(5,288,148)
EXCESS OF REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES	-	-	-	-
FUND BALANCE, July 1, 2010	-	-	-	-
FUND BALANCE, June 30, 2011	\$ -	\$ -	\$ -	\$ -

JOPLIN SCHOOLS  
NOTE TO BUDGETARY COMPARISON SCHEDULES  
June 30, 2011

NOTE A – BUDGETS AND BUDGETARY INFORMATION

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

1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the Budget Officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
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.
6. The District prepares its budget and Annual Secretary of the Board Report using the modified cash basis of accounting. The modified cash basis is used because it enables the District to better budget revenues and expenditures as the resources are expended or received.
7. The District budgets the Scholarship Fund as a part of the General Fund. Therefore, the Budgetary Comparison Schedule for the General Fund includes the budget and actual revenues collected, expenditures, and changes in fund balance of the Scholarship Fund.

## **OTHER FINANCIAL INFORMATION**

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JOPLIN SCHOOLS  
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND  
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES COLLECTED				
Local	\$ 5,358,414	\$ 5,358,414	\$ 5,352,840	\$ (5,574)
County	150,000	150,000	219,487	69,487
TOTAL REVENUES COLLECTED	5,508,414	5,508,414	5,572,327	63,913
EXPENDITURES				
Debt Service	12,375,000	12,375,000	12,366,269	8,731
TOTAL EXPENDITURES	12,375,000	12,375,000	12,366,269	8,731
(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES	(6,866,586)	(6,866,586)	(6,793,942)	72,644
FUND BALANCE, July 1, 2010	11,037,316	11,037,316	11,037,316	-
FUND BALANCE, June 30, 2011	<u>\$ 4,170,730</u>	<u>\$ 4,170,730</u>	<u>\$ 4,243,374</u>	<u>\$ 72,644</u>

JOPLIN SCHOOLS  
BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND  
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES COLLECTED				
Local	\$ 102,079	\$ 132,079	\$ 295,872	\$ 163,793
State	1,000	188,600	30,877	(157,723)
Federal	-	595,900	247,977	(347,923)
TOTAL REVENUES COLLECTED	103,079	916,579	574,726	(341,853)
EXPENDITURES				
Instruction	53,000	755,539	421,154	334,385
Instructional staff support	381,700	524,180	310,013	214,167
Building administration	-	-	206	(206)
General administration	4,500	491,598	380,416	111,182
Operation of Plant	-	82,600	82,599	1
Transportation	180,000	180,000	204,237	(24,237)
Food service	7,500	24,715	21,333	3,382
Adult continuing education	-	137,380	12,825	124,555
Facilities acquisition and construction	3,497,000	2,102,808	1,793,697	309,111
TOTAL EXPENDITURES	4,123,700	4,298,820	3,226,480	1,072,340
(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES	(4,020,621)	(3,382,241)	(2,651,754)	730,487
OTHER FINANCING SOURCES				
Operating transfers in	170,000	1,700,000	3,880,839	2,180,839
Net insurance recovery	-	-	20,000,000	20,000,000
TOTAL OTHER FINANCING SOURCES	170,000	1,700,000	23,880,839	22,180,839
(DEFICIT) OF REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES	(2,320,621)	(1,682,241)	21,229,085	22,911,326
FUND BALANCE, July 1, 2010	8,104,599	8,104,599	8,104,599	-
FUND BALANCE, June 30, 2011	\$ 5,783,978	\$ 6,422,358	\$ 29,333,684	\$ 22,911,326



JOPLIN SCHOOLS  
SCHEDULE OF REVENUES COLLECTED BY SOURCE  
Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>LOCAL</b>					
Current taxes	\$ 21,330,778	\$ -	\$ 4,343,722	\$ -	\$ 25,674,500
Delinquent taxes	1,731,407	-	352,577	-	2,083,984
School district fund (Prop C)	-	6,199,962	-	-	6,199,962
Financial institution tax	-	-	-	37,839	37,839
M & M surcharge taxes	1,311,409	-	267,051	-	1,578,460
In lieu of taxes	-	-	5,296	26,005	31,301
Tuition from individuals	-	17,808	-	-	17,808
Tuition- post secondary	-	1,466,761	-	-	1,466,761
Earnings on investments	12,973	2,122	384,194	2,981	402,270
Food service program	654,810	-	-	-	654,810
Food service non-program	105,175	-	-	-	105,175
Student activities	1,525,570	-	-	-	1,525,570
Other	186,246	27,420	-	229,047	442,713
<b>TOTAL LOCAL</b>	<b>26,858,368</b>	<b>7,714,073</b>	<b>5,352,840</b>	<b>295,872</b>	<b>40,221,153</b>
<b>COUNTY</b>					
Fines, escheats, etc.	-	228,943	-	-	228,943
State assessed utilities	798,255	-	219,487	-	1,017,742
<b>TOTAL COUNTY</b>	<b>798,255</b>	<b>228,943</b>	<b>219,487</b>	<b>-</b>	<b>1,246,685</b>
<b>STATE</b>					
Basic formula	-	13,404,769	-	-	13,404,769
Transportation	534,033	-	-	-	534,033
Early childhood special education	478,429	210,258	-	-	688,687
Career ladder	-	391,200	-	-	391,200
Basic formula - classroom trust fund	3,110,225	-	-	-	3,110,225
Educational screening program/PAT	146,533	-	-	-	146,533
Vocational/Technical aid	-	663,040	-	1,616	664,656
Food service	20,771	-	-	-	20,771
Adult education and literacy	55,252	18,615	-	-	73,867
Adult education and literacy grant	10,862	-	-	-	10,862
Voc/Tech Ed enhancement grant	-	-	-	29,261	29,261
A+ schools grant	18,260	-	-	-	18,260
High need fund	-	162,872	-	-	162,872
Other	34,526	-	-	-	34,526
<b>TOTAL STATE</b>	<b>4,408,891</b>	<b>14,850,754</b>	<b>-</b>	<b>30,877</b>	<b>19,290,522</b>

JOPLIN SCHOOLS  
SCHEDULE OF REVENUES COLLECTED BY SOURCE (CONTINUED)  
Year Ended June 30, 2011

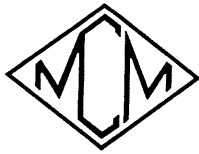
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
FEDERAL					
Medicaid	225,485	-	-	-	225,485
Reserve officer training corps (ROTC)	-	76,611	-	-	76,611
Basic Formula - Fed. Budget Stabilization - ARRA	-	631,636	-	-	631,636
Basic Formula - Government Services - ARRA	49,219	336,953	-	-	386,172
Classroom Trust Fund - Jobs Bill	146,494	-	-	-	146,494
Voc Ed Act - Title I Basic Grant	108,323	43,617	-	-	151,940
Basic Formula - Jobs Bill - State Schools Moneys Fund	-	621,472	-	-	621,472
Basic Formula - Jobs Bill - Fed. Budget Stabilization Fund	-	399,453	-	-	399,453
Workforce Investment Act (WIA) Dislocated Worker - ARRA	-	5,000	-	-	5,000
Workforce Investment Act (WIA)	-	3,373	-	-	3,373
Adult education and literacy	-	124,531	-	-	124,531
IDEA	1,378,519	-	-	-	1,378,519
Early childhood special education	-	86,086	-	-	86,086
School lunch program	1,676,183	-	-	-	1,676,183
School breakfast program	493,857	-	-	-	493,857
After school snack program	24,726	-	-	-	24,726
Title I, ESEA	248,556	1,496,755	-	-	1,745,311
Title I-A, ARRA	208,658	259,841	-	5,466	473,965
Title III, ESEA	1,948	-	-	-	1,948
Title I-D, ARRA	498	-	-	6,293	6,791
Title II, Part A - ESEA	204,104	233,087	-	-	437,191
Title II, Part D, ESEA	15,756	-	-	-	15,756
Title VII-B, ARRA	148	-	-	-	148
Title II-D, ARRA	22,045	-	-	-	22,045
Summer food service program	118,533	-	-	-	118,533
IDEA, Part B (611) - ARRA	1,206,806	147,000	-	236,218	1,590,024
IDEA, Part B (619) - ARRA	22,647	-	-	-	22,647
TOTAL FEDERAL	6,152,505	4,465,415	-	247,977	10,865,897
OTHER SOURCES					
Net insurance recovery	-	-	-	20,000,000	20,000,000
Sale of other property	12,381	-	-	-	12,381
Tuition from other districts	83,803	216,000	-	-	299,803
Contracted educational services	12,205	444,157	-	-	456,362
TOTAL OTHER SOURCES	108,389	660,157	-	20,000,000	20,768,546
TOTAL RECEIPTS	\$ 38,326,408	\$ 27,919,342	\$ 5,572,327	\$ 20,574,726	\$ 92,392,803

The Schedule of Revenues Collected by Source agrees to the Annual Secretary of the Board Report which includes the scholarship fund's revenue as part of the General Fund.

JOPLIN SCHOOLS  
SCHEDULE OF EXPENDITURES BY OBJECT  
Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Salaries	\$ 10,749,903	\$ 29,237,838	\$ -	\$ 39,987,741
Teacher retirement	33,518	4,174,953	-	4,208,471
Non-teacher retirement	638,403	8,543	-	646,946
Social security	644,749	85,675	-	730,424
Medicare	151,276	388,124	-	539,400
Employee insurance	923,536	1,918,723	-	2,842,259
Other benefits	529,754	-	-	529,754
Tuition	512,908	-	-	512,908
Professional services	61,086	-	-	61,086
Audit	37,000	-	-	37,000
Technical services	150,634	-	-	150,634
Legal services	6,050	-	-	6,050
Property services	267,093	-	-	267,093
Travel	409,558	-	-	409,558
Property insurance	207,746	-	-	207,746
Liability insurance	44,216	-	-	44,216
Other purchased services	1,479,832	-	-	1,479,832
General supplies	3,315,887	-	-	3,315,887
Regular textbook	626,813	-	-	626,813
Library books	83,817	-	-	83,817
Periodicals	197	-	-	197
Food supplies	1,064,531	-	-	1,064,531
Energy supplies	1,836,624	-	-	1,836,624
Land	-	-	5,397	5,397
Buildings	-	-	1,556,085	1,556,085
Equipment - general	-	-	1,495,956	1,495,956
School buses	-	-	87,105	87,105
School buses - Purchased with specific funds	-	-	81,937	81,937
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 23,775,131</b>	<b>\$ 35,813,856</b>	<b>\$ 3,226,480</b>	<b>\$ 62,815,467</b>

The Schedule of Expenditures by Object agrees to the Annual Secretary of the Board Report which includes the scholarship fund's expenditures as part of the General Fund.



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EUGENE M. MENSE, JR., C.P.A. (1929 - 2006)  
CHRIS D. CHURCHWELL, C.P.A.  
EUGENE M. MENSE III, C.P.A.

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

Board of Education  
Joplin Schools  
Joplin, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Joplin Schools as of and for the year ended June 30, 2011, which collectively comprise Joplin Schools' basic financial statements and have issued our report thereon dated November 7, 2011. Joplin Schools' financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Except as discussed in the preceding sentence, 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Joplin Schools' internal control over financial reporting as a basis for designing our auditing procedures 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 Joplin Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Joplin Schools' internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonably possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

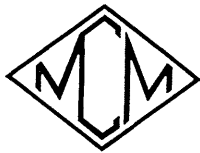
As part of obtaining reasonable assurance about whether Joplin Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

This report is intended solely for the information and use of management, Board of Education, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



MENSE, CHURCHWELL & MENSE, P.C.  
Certified Public Accountants

Joplin, Missouri  
November 7, 2011



**MENSE, CHURCHWELL & MENSE, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education

Joplin Schools

Joplin, Missouri

Compliance

We have audited Joplin Schools' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Joplin Schools' major federal programs for the year ended June 30, 2011. Joplin Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Joplin Schools' management. Our responsibility is to express an opinion on Joplin Schools' compliance based on our audit.

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 Joplin Schools' 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. Our audit does not provide a legal determination of Joplin Schools' compliance with those requirements.

In our opinion, Joplin Schools complied, in all material respects, with the 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, 2011.

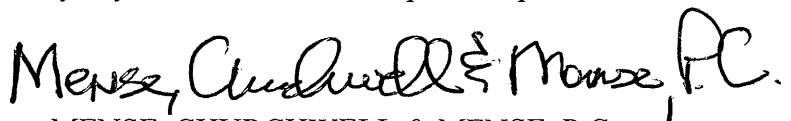
## Internal Control over Compliance

The management of Joplin Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Joplin Schools' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Joplin Schools' 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Education, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
MENSE, CHURCHWELL & MENSE, P.C.  
Certified Public Accountants

Joplin, Missouri  
November 7, 2011

JOPLIN SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Missouri Department of Elementary and Secondary Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	049-148	\$ 493,857
National School Lunch Program - Cash	10.555	049-148	1,676,183
National School Lunch Program - Commodities	10.555	049-148	224,890
After School Snacks Program	10.555	049-148	24,726
Missouri Department of Health Services			
Child Nutrition Cluster			
Summer Food Service Program	10.559	049-148	118,533
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 2,538,189</u>
U.S. DEPARTMENT OF EDUCATION			
Direct Programs:			
Student Financial Aid Cluster			
Federal Pell Grant Program	84.063	N/A	\$ 677,079
Federal Family Educational Loan Program	84.032	N/A	1,190,927
Missouri Department of Elementary and Secondary Education			
Title I, Part A Grants Cluster			
Title I, Grants to LEAs	84.010	049-148	1,855,607
ARRA Title I Grants to LEAs, Recovery Act	84.389	049-148	1,387,539
Improving Teacher Quality State Grants	84.367	049-148	425,167
English Language Acquisition Grants	84.365	049-148	13,679
Special Education Grants Cluster			
Special Education Grants to States	84.027	049-148	1,481,558
ARRA Special Education Grants to States, Recovery Act	84.391	049-148	1,084,832
Special Education Early Childhood	84.027	049-148	86,086
ARRA Special Education Early Childhood, Recovery Act	84.392	049-148	61,161
Safe and Drug-Free Schools and Communities State Grants	84.186	049-148	6,428
Adult Education - Basic Grants to States	84.002	049-148	124,531
Career and Technical Education - Basic Grants to States	84.048	049-148	251,172
State Fiscal Stabilization Fund Cluster			
ARRA Education State Grants, Recovery Act	84.394	049-148	631,636
ARRA Government Services, Recovery Act	84.397	049-148	386,172
Federal Education Jobs Fund Cluster			
ARRA Classroom Trust Fund, Recovery Act	84.410	049-148	146,494
ARRA State Schools Fund, Recovery Act	84.410	049-148	621,472
ARRA Federal Budget Stabilization, Recovery Act	84.410	049-148	399,453
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 10,830,993</u>
U.S. DEPARTMENT OF DEFENSE			
Direct Programs:			
Junior Reserve Officers Training Corp Unit	12.000	N/A	\$ 76,611
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>\$ 76,611</u>
U.S. DEPARTMENT OF LABOR			
Missouri Department of Elementary and Secondary Education			
Workforce Investment Act	17.260	049-148	\$ 3,373
ARRA Workforce Investment Act, Recovery Act	17.260	049-148	5,000
TOTAL U.S. DEPARTMENT OF LABOR			<u>\$ 8,373</u>
TOTAL FEDERAL AWARDS			<u>\$ 13,454,166</u>

See notes to Schedule of Expenditures of Federal Awards



JOPLIN SCHOOLS  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2011

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grants activity of the District and is prepared on the modified cash basis of accounting as described in Note A to the District's financial statements.

NOTE B – FOOD DISTRIBUTION

Commodities received and expended are valued by the Food Service Section of the Department of Elementary and Secondary Education.

JOPLIN SCHOOLS  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONS COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Joplin Schools.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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.
3. No instances of noncompliance material to the financial statements of Joplin Schools, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal awards programs for Joplin Schools expresses an unqualified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were disclosed during the audit.
7. The programs tested as major programs included:

Title I, Part A Grants Cluster	84.010 and 84.389
Improving Teacher Quality State Grants	84.367
Special Education Grants Cluster	84.027, 84.391, 84.173 and 84.392
State Fiscal Stabilization Fund Cluster	84.394 and 84.397
Federal Education Jobs Fund Cluster	84.410

8. The threshold used for distinguishing Type A and B programs was \$300,000.
9. The Joplin Schools qualified as a low risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

JOPLIN SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

There were no prior year audit findings.

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**SUPPLEMENTARY STATE INFORMATION**



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EUGENE M. MENSE, JR., C.P.A. (1929 - 2006)  
CHRIS D. CHURCHWELL, C.P.A.  
EUGENE M. MENSE III, C.P.A.

**INDEPENDENT AUDITORS' REPORT**  
**ON ADMINISTRATION'S ASSERTIONS**  
**ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF**  
**MISSOURI LAWS AND REGULATIONS**

Board of Education  
Joplin Schools  
Joplin, Missouri

We have audited the administration's assertions, included in its representation letter dated November 7, 2011, that the Joplin Schools, Joplin, Missouri (the "District") complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of the average daily attendance, resident membership on the last Wednesday of September, 2010, the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2011; and accurate disclosure by the District's pupil transportation records of the average number of students transported on a regular basis eligible and ineligible for state transportation aid, the number of miles eligible and ineligible for state transportation aid and mileage allowable cost for pupil transportation and other statutory requirements as listed in the Schedule of Selected Statistics during the year ended June 30, 2011. As discussed in that representation letter, administration is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the administration's assertions about the District's compliance based on our audit.

Our audit was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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.

In our opinion, the administration's assertions that the Joplin Schools, Joplin, Missouri complied with the aforementioned requirements for the year ended June 30, 2011 are fairly stated in all material respects.

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.

A handwritten signature in black ink, appearing to read "Mense, Churchwell & Mense, P.C.", written in a cursive, flowing style.

MENSE, CHURCHWELL & MENSE, P.C.  
Certified Public Accountants

Joplin, Missouri  
November 7, 2011

JOPLIN SCHOOLS  
SCHEDULE OF SELECTED STATISTICS  
YEAR ENDED JUNE 30, 2011

A single audit was performed.

1. Calendar (Sections 160.041 and 171.031, RSMo)

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

Kindergarten - Grade 5	1,074.20
Grades 6 - 8	1,063.00
Grades 9 - 12	1,010.19

B. The number of days that classes were in session and pupils were under the direction of the teachers this school year was 162. The school year ended twelve days early due to the May 22, 2011 tornado.

2. Average Daily Attendance (ADA)

	Full-time Part-time	Remedial	Total
Average Daily Attendance (ADA):			
Regular term:			
Kindergarten - Grade 5	3,656.16	9.12	3,665.28
Grades 6 - 8	1,646.00	2.97	1,648.97
Grades 9 - 12	1,931.02	54.61	1,985.63
Total regular term			7,299.88
Summer school average daily attendance			125.72
Total Average Daily Attendance			7,425.60

3. September Membership

September Membership FTE Count	7,730.64
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4. Free and Reduced Price Lunch FTE Count (Section 163.011(6), RSMo)

State FTE Total	Free	3,727.64
	Reduced	723.30
	Total	4,450.94



JOPLIN SCHOOLS  
SCHEDULE OF SELECTED STATISTICS - CONTINUED  
YEAR ENDED JUNE 30, 2011

5. Finance

- A. A bond, as required by Section 162.401, RSMo, has been purchased for the District treasurer in the amount of \$250,000.
- B. The District's deposits were adequately secured during the year as required by Section 110.010 and 110.020 RSMo.
- C. The District maintained a separate bank account for its Debt Service Fund in accordance with Section 165.011 RSMo
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records.
- E. 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 date for the projects to be undertaken.
- F. The District published a summary of the 2009-2010 audit report within thirty days of receipt of the audit, pursuant to Section 165.121, RSMo.
- G. There were no findings noted above.

6. Transportation (Section 163.161, RSMo)

- A. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.
- B. The District's school transportation ridership records are so maintained as to accurately disclose all material respects the average number of regular riders transported.
- C. Based on the ridership records, the average number of students (non-disabled K-12, career education, and K-12 students with disabilities) transported on a regular basis (ADT) eligible for state transportation aid was 2,918.50 and the average number of students transported on a regular basis (ADT) ineligible to be counted for state transportation aid was -0-.
- 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.

JOPLIN SCHOOLS  
SCHEDULE OF SELECTED STATISTICS - CONTINUED  
YEAR ENDED JUNE 30, 2011

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

- E. Actual odometer records show the total District operated mileage for the year was 644,592. Of this total, the eligible non-disabled and students with disabilities route miles were 556,941 and the ineligible non-route and disapproved miles combined were 87,651.
- F. The District operated the school transportation system for 162 days during this school year.
- G. There were no findings noted above.

7. Missouri School Improvement Program (MSIP)

- A. The District has adequate procedures that allow for the proper recording and reporting of hours of absence.
- B. The District has adequate procedures that allow for the identification and recording of dropouts as defined in the Core Data Manual (Exhibit 6) and the subsequent reporting of those students to the Adult Literacy Hotline on the June Cycle of Core Data.
- C. The District has a set of adequate procedures for following up on the College and Career Placement of all of the previous year's graduates 180 days after graduation.
- D. The District has a set of procedures that ensures Advanced Courses and Career Courses (approved by the State) are properly identified and reported according to Core Data standards.
- E. There were no findings noted above.

JOPLIN SCHOOLS  
SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID  
YEAR ENDED JUNE 30, 2011

	District Owned	Disabled Transportation District Owned	Total
Non-certified salaries	\$ 687,879	\$ 436,893	\$ 1,124,772
Employee benefits	71,297	38,679	109,976
Purchased services	103,799	19,315	123,114
Supplies	222,538	110,486	333,024
Depreciation	336,130	-	336,130
	<u>\$ 1,421,643</u>	<u>\$ 605,373</u>	<u>\$ 2,027,016</u>
School buses purchased	<u>\$ 87,105</u>		

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## APPENDIX C

### SUMMARY OF THE CONTINUING DISCLOSURE UNDERTAKING

*The following is a summary of certain provisions of the Continuing Disclosure Undertaking. The following is not a comprehensive description, however and is qualified in its entirety by reference to the Continuing Disclosure Undertaking for a full recital of the provisions thereof.*

#### Definitions

In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in the Continuing Disclosure Undertaking unless otherwise defined below, the following capitalized terms have the following meanings:

**“Annual Report”** means any Annual Report provided by the District pursuant to, and as described in, the Continuing Disclosure Undertaking.

**“Beneficial Owner”** means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

**“EMMA”** means the Electronic Municipal Market Access system for municipal securities disclosures.

**“Material Events”** means any of the events listed in the Continuing Disclosure Undertaking.

**“MSRB”** means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

**“Participating Underwriter”** means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

**“Repository”** means the MSRB.

**“Rule”** means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

#### Provision of Annual Reports

(a) The District shall, not later than six months after each June 30, the final day of the District’s fiscal year (i.e., not later than December 31 each year), provide to the MSRB, through EMMA, the following financial information and operating data (the **“Annual Report”**):

(1) The audited financial statements of the District for the prior fiscal year prepared in accordance with the accounting principles described in the notes to the financial statements included as part of the Official Statement for the Bonds and audited by its independent auditors (or if not available as of such date, the unaudited financial statements of the District and as soon thereafter as available such audited financial statements of the District); and

(2) Updates as of the end of the fiscal year of the financial information and operating data contained in the final Official Statement in substantially the scope and form contained in the Official Statement with respect to the Bonds in the tables labeled or identified as follows:

**DEBT STRUCTURE OF THE DISTRICT:**

**Current Long-Term General Obligation Indebtedness**

**History of General Obligation Indebtedness**

**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT:**

**Property Valuations:**

*Current Assessed Valuation*

*History of Property Valuations*

**Tax Rates:**

*History of Tax Levies*

**Tax Collection Record**

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the District is an **“obligated person”** (as defined by the Rule), which have been provided to the MSRB and is available through EMMA or to the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event

**Reporting of Material Events**

(a) Pursuant to the provisions of the Continuing Disclosure Undertaking, the District shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds, if material (**“Material Events”**):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

If the District has not submitted the Annual Report to the MSRB by the date required above, the District shall send a notice to the MSRB of the failure of the District to file on a timely basis the Annual Report.

### **Termination of Reporting Obligation**

The District's obligations under the Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the District's obligations under the Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with the Continuing Disclosure Undertaking in the same manner as if it were the District, and the District shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the District shall give notice of such termination or substitution in the same manner as for a Material Event.

### **Designated Agents**

The District may, from time to time, appoint or designate one or more agents (each, a "designated agent") to submit Annual Reports, Material Event notices, and other notices or reports with the MSRB.

### **Amendment; Waiver**

Notwithstanding any other provision of the Continuing Disclosure Undertaking, the District may amend the Continuing Disclosure Undertaking and any provision of the Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in United States securities law matters provides the District with its written opinion that the undertaking of the District contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Undertaking, the District shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

### **Additional Information**

Nothing in the Continuing Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by the Continuing Disclosure Undertaking. If the District chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by the Continuing Disclosure Undertaking, the District shall have no obligation under the Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

**Default**

If the District fails to comply with any provision of the Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under the Continuing Disclosure Undertaking. A default under the Continuing Disclosure Undertaking shall not be deemed an event of default under the Bond Resolution or the Bonds, and the sole remedy under the Continuing Disclosure Undertaking in the event of any failure of the District to comply with the Continuing Disclosure Undertaking shall be an action to compel performance.



## APPENDIX D

### BOOK-ENTRY ONLY SYSTEM

*The following information concerning DTC and DTC's Book-Entry Only System has been obtained from sources that the District believes to be reliable, but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the District, the Paying Agent or the Underwriter. The District, the Paying Agent and the Underwriter make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.*

**General.** Ownership interests in the Bonds will be available to purchasers only through a book-entry only system (the **"Book-Entry Only System"**) maintained by The Depository Trust Company (**"DTC"**), New York, New York. DTC will act as securities depository for the Bonds. Initially, the Bonds will be issued as fully-registered securities, registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. The following discussion will not apply to any Bonds issued in certificate form due to the discontinuance of the DTC Book-Entry Only System, as described below.

**DTC and its Participants.** DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (**"Direct Participants"**) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (**"DTCC"**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**"Indirect Participants"**). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

**Purchase of Ownership Interests.** Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the **"Beneficial Owner"**) is, in turn, to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

**Transfers.** To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

**Notices.** Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Resolution. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

**Voting.** Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of bonds as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

**Payments of Principal and Interest.** Payments of principal of or redemption price and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its nominee, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of or redemption price and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) will be the responsibility of the District or the Paying Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

**Discontinuation of Book-Entry Only System.** DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered as described in the Bond Resolution.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), Bond certificates may be delivered to

Beneficial Owners in the manner described herein under the caption **“Registration, Transfer and Exchange of Bonds Upon Discontinuance of Book-Entry Only System.”**

*None of the Underwriter, the Paying Agent nor the District will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price or interest on the Bonds; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Bond Resolution to be given to owners of the Bonds; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Bondholder.*

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