

**FOX C-6 SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**June 30, 2018**

# **FOX C-6 SCHOOL DISTRICT**

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# **FOX C-6 SCHOOL DISTRICT**

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## **Independent Auditors' Report**

Board of Education  
Fox C-6 School District

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

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Fox C-6 School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The management's discussion and analysis, supplementary information, and schedule of selected statistics are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The management's discussion and analysis, supplementary information, and schedule of selected statistics, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Kerber, Eck & Braeckel LLP.*

St. Louis, Missouri  
December 10, 2018

# **FOX C-6 SCHOOL DISTRICT**

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

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The Management's Discussion and Analysis (MD&A) of Fox C-6 School District (the District) provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2018. The intent of the MD&A is to look at the District's financial performance as a whole. Readers should also review the financial statements found in the financial section and the notes thereto to enhance their understanding of the District's 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 rather than when incurred. Additional information on the District's modified cash basis of accounting can be found in the notes to basic financial statements.

### **Financial Highlights**

Key financial highlights for the fiscal year ended June 30, 2018, include the following:

- The governmental activities net position was \$23,712,641 as compared to \$25,276,844 the previous year. The governmental funds ending fund balances were \$21,482,386 as compared to \$23,201,534 the previous year.
- Program revenues collected made up 15% of the total revenues collected for the year ended June 30, 2018 as compared to 16% the previous year. These program revenues collected covered 15% of the program expenditures paid leaving 85% to be covered by general revenues collected and fund balances, as compared to 16% of the program expenditures paid leaving 84% to be covered by general revenues collected and fund balances the previous year.

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

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

The government-wide financial statements, consisting of the Statement of Net Position and the Statement of Activities, provide highly consolidated financial information and render a government-wide perspective of the District's financial condition. They present an aggregate view of the District's finances. These statements seek to answer the question, "How did the District do financially during the 2017-18 fiscal year?" These statements include all cash and investments using the modified cash basis of accounting.

# FOX C-6 SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

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

To provide greater in depth reporting of the District's financial position and changes in financial position, fund financial information is presented in the "Fund Financial Statements". These fund financial statements, which should be familiar to those who have read previous governmental financial statements, report governmental fund activities on a modified cash basis, indicating modified cash basis sources and uses of funding.

Fund financial statements also provide more in-depth data on the District's most significant funds, its General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund. These funds are considered "major funds" by the Missouri Department of Elementary and Secondary Education. The relationship between governmental activities reported in the government-wide financial statements and the governmental funds reported in the fund financial statements are reconciled in the financial statements.

The financial statements of the proprietary fund present financial information relative to the internal service fund, which accounts for the District's self-insured healthcare plan.

The fiduciary fund is used to present information related to the agency fund, which accounts for flex spending claims and contributions deducted from employees' pay checks. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is presented on the modified cash basis of accounting which is consistent with the other funds of the District.

### Government-Wide Financial Analysis

Net position of the District at June 30, 2018, of \$23,712,641 reflects the District's total assets of cash and investments less payroll withholdings compared to net position at June 30, 2017, of \$25,276,844. Net position of the District consists of the following as of June 30,:

	<u>2018</u>	<u>2017</u>
Restricted	\$ 6,984,659	\$ 6,974,575
Unrestricted	<u>16,727,982</u>	<u>18,302,269</u>
Total net position	<u>\$ 23,712,641</u>	<u>\$ 25,276,844</u>

The restricted net position is restricted for payment of principal and interest on general obligation bonds and self-funded health benefits.

# FOX C-6 SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

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### Governmental Activities

Net position at June 30, 2018, reflects a decrease of \$1,564,203 from the net position balance at June 30, 2017. Key elements of this decrease consist of the following:

CHANGES IN NET POSITION		
Years ended June 30,		
	2018	2017
Program revenues		
Charges for services	\$ 8,394,744	\$ 8,507,979
Operating grants and contributions	11,323,178	10,991,495
General revenues		
Taxes	54,562,665	52,818,996
Federal, state and county aid not restricted to specific purposes	3,249,792	3,143,959
State aid	50,735,201	48,818,215
Interest and investment earnings	2,670,990	532,545
Other	251,367	376,516
Total revenues	131,187,937	125,189,705
Function/program expenses		
Instruction	73,472,440	73,720,289
Capital outlay	4,478,868	1,121,214
Debt service		
Principal	6,797,687	3,977,991
Interest and other charges	3,673,558	2,538,625
Other	44,329,587	43,086,596
Total functional/program expenses	132,752,140	124,444,715
Change in net position	(1,564,203)	744,990
Net position at beginning of year	25,276,844	24,531,854
Net position at end of year	\$ 23,712,641	\$ 25,276,844

# FOX C-6 SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

As reflected above, the expenses paid for the District's governmental activities for the years ended June 30, 2018 and 2017, of \$132,752,140 and \$124,444,715, respectively, are not all borne by the taxpayers of the District. Of these amounts \$8,394,744 and \$8,507,979 were paid by those who benefited from the services rendered (i.e., charges for school lunches) and \$11,323,178 and \$10,991,495 were paid through federal and state grants and contributions for the years ending June 30, 2018 and 2017, respectively. For the year ended June 30, 2018, no portion of revenue was used to fund capital expenditures.

Consequently, for the years ending June 30, 2018 and 2017, respectively, the net costs of \$113,034,218 and \$104,945,241, after taking into consideration these fees and grants, were paid from other general revenues, which include property taxes paid by the taxpayers of the District as well as other taxes, additional state funding and net position.

The next table shows the total cost of programs and the net cost of these programs (after deducting charges for services and grants and contributions revenue collected for the various categories of expenses paid) for the years ended June 30, 2018 and 2017. The net cost presentation allows the taxpayers of the District to determine the remaining cost of the various categories which were borne by them or paid from other general revenues and fund balances, and allows them the opportunity to assess the cost of these functions in comparison to the benefits received.

### COST OF GOVERNMENTAL ACTIVITIES Years ended June 30,

	2018		2017	
	Total cost of programs	Net cost of programs	Total cost of programs	Net cost of programs
Instruction	\$ 73,472,440	\$ 65,318,153	\$ 73,720,289	\$ 65,794,134
Guidance/attendance	2,495,290	2,495,290	2,201,430	2,201,430
Health, psych, speech and audio	998,447	998,447	1,051,298	1,051,298
Improvement of instruction	1,534,350	1,534,350	886,106	886,106
Professional development	461,299	461,299	467,028	467,028
Media services	3,204,472	3,204,472	1,545,235	1,545,235
Board of education services	292,426	292,426	133,655	133,655
Executive administration	977,088	977,088	3,482,260	3,482,260
Building administration	7,360,627	7,360,627	7,635,279	7,635,279
Business central services	1,464,546	1,464,546	91,391	91,391
Operation of plant	9,582,822	9,582,822	10,213,701	10,213,701
Security services	263,648	263,648	256,366	256,366
Pupil transportation	5,095,386	4,093,514	4,978,534	4,091,058
Food services	4,122,423	70,644	4,150,164	125,791
Student activities	4,788,980	619,855	4,380,771	34,865
Community services	1,687,783	(653,076)	1,613,378	(702,186)
Facilities acquisition and construction	4,478,868	4,478,868	1,121,214	1,121,214
Debt service				
Principal	6,797,687	6,797,687	3,977,991	3,977,991
Interest and other charges	3,673,558	3,673,558	2,538,625	2,538,625
Total	<u>\$ 132,752,140</u>	<u>\$ 113,034,218</u>	<u>\$ 124,444,715</u>	<u>\$ 104,945,241</u>

# **FOX C-6 SCHOOL DISTRICT**

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

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### **Governmental Funds Financial Analysis**

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

The District completed the fiscal year ended June 30, 2018, with a combined fund balance for Governmental funds of \$21,482,386, as compared to a combined fund balance of \$23,201,534 at June 30, 2017, for a decrease of \$1,719,148.

The fund balance of the operating funds (General and Special Revenue) decreased by \$69,963 as compared to an increase of \$47,698 the previous year. Transfers were made from the General Fund to the Capital Projects Fund during FY18 in the amount of \$3,308,979.

The fund balance of the Debt Service Fund decreased by \$144,861 compared to an increase of \$270,876 the previous year. The \$4,754,404 fund balance of the Debt Service Fund is legally restricted for payment of bond principal, interest and related fees.

The fund balance of the Capital Projects Fund decreased by \$1,504,324 compared to an increase of \$1,576,464 the previous year.

The major source of revenue for operations and debt service is current local property taxes amounting to \$39,232,938. This is derived from the District's operating levy of \$4.1607 and the debt service levy of \$.3982 for a total levy of \$4.5589. Other significant local revenues are \$3,586,134 from delinquent local taxes, \$11,273,929 from Proposition C revenue, \$1,884,760 from food service, \$2,022,146 from community services and \$4,169,129 from student activities.

County revenues of \$2,809,065 are derived from state assessed utility property of \$2,661,293 and county fines of \$147,772.

State funding which makes up 43% of total revenues collected, increased from the previous year by \$2,505,643 to \$55,966,096. The State Foundation Formula for Basic State Aid was \$46,158,085, an increase of \$1,851,906 from the previous year.



## FOX C-6 SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

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State revenues collected are as follows for the year ended June 30,:

	<u>2018</u>	<u>2017</u>
Basic formula and classroom trust	\$ 50,735,201	\$ 44,306,179
Transportation	1,001,872	887,476
Early childhood education	3,667,275	3,405,524
Other	<u>561,748</u>	<u>4,861,274</u>
Total state revenue	<u>\$ 55,966,096</u>	<u>\$ 53,460,453</u>

Federal funding which makes up 5% of total revenues collected decreased by \$19,952 from the previous year. Federal revenues collected are as follows for the year ended June 30,:

	<u>2018</u>	<u>2017</u>
Medicaid	\$ 432,550	\$ 242,099
Individuals with disabilities	2,063,893	2,090,943
Early childhood special education	503,437	498,036
School lunch and breakfast	2,132,463	2,142,709
Title I	1,191,649	1,345,563
Title II A	342,567	369,301
Other	<u>23,273</u>	<u>21,133</u>
Total federal revenue	<u>\$ 6,689,832</u>	<u>\$ 6,709,784</u>

Total governmental funds expenditures paid, including other financing sources, were \$147,566,131 for the year compared to \$123,283,065 the previous year. The General Fund accounts for \$39,666,438 or 27% of the total expenditures. The Special Revenue (Teachers) Fund accounts for \$76,928,391 or 52% of total expenditures and consists of salaries and certain benefits of certificated staff. Debt Service Fund expenditures of \$20,850,298 or 14% of total expenditures are for principal and interest on general obligation bonds. Capital Projects Fund expenditures of \$10,672,381 or 7% of total expenditures are for construction projects, capital leases, facility repairs and equipment.



## FOX C-6 SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

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The following tables summarize the governmental fund revenues collected and expenditures paid before other sources and uses for the years ended June 30,:

REVENUES				
Years ended June 30,				
	2018	%	2017	%
Local	\$ 63,745,549	49.3%	\$ 62,097,304	49.6%
County	2,809,065	2.2%	2,901,861	2.3%
State	55,966,096	43.3%	53,460,453	42.7%
Federal	6,689,832	5.2%	6,709,784	5.4%
Total revenues collected	<u>\$ 129,210,542</u>	<u>100.0%</u>	<u>\$ 125,169,402</u>	<u>100.0%</u>

EXPENDITURES				
Years ended June 30,				
	2018	%	2017	%
Instruction	\$ 78,353,783	59.4%	\$ 77,324,341	62.7%
Support services	38,448,874	29.1%	36,723,561	29.8%
Debt services	9,028,427	6.8%	6,516,616	5.3%
Facilities acquisition and construction	4,478,868	3.4%	1,121,214	0.9%
Community services and other	1,689,775	1.3%	1,597,333	1.3%
Total expenditures	<u>\$ 131,999,727</u>	<u>100.0%</u>	<u>\$ 123,283,065</u>	<u>100.0%</u>

#### Budgetary Highlights

Over the course of the year, the Board of Education revised the District's budget to take into consideration expected changes in revenues collected or expenditures paid. Missouri Statutes for Public School Finance, Section 67.010, RSMo requires a budget amendment if anticipated expenditures are in excess of budgetary goals. The original budget was adopted on June 20, 2017.

Statements comparing fund modified cash basis revenues and expenditures to the original and final budgets are provided in this report. General revenues were less than the original budgets reflecting the less than anticipated local revenues, state revenues and Federal revenues. Total expenditures were less than the original budgets primarily due to expenditures being reduced as a result of the uncertainties in state funding and the warnings of further reductions projected for the next few years.

# FOX C-6 SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

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### Capital Assets and Debt Administration

#### *Capital Assets*

The District operates under the modified cash basis of accounting, therefore, capital asset purchases are recorded as expenditures and depreciation is not recognized. Capital assets are not reflected in the financial statements. Increases in capital expenditures were primarily due to capital projects related to bond issuances for building and technology improvements.

#### *Long-Term Obligations*

At June 30, 2018, the District had outstanding general obligation bonds of \$31,769,963 after principal payments of \$18,225,000 made during the year and bond refunding proceeds of \$14,674,963 received.

State statutes limit the amount of general obligation debt a school district may issue to 15% of the assessed valuation. The debt limitation is \$141,855,683 at June 30, 2018, based on the December 31, 2016 assessed values.

The District has capital leases with outstanding future principal lease payments of \$23,521,849 at June 30, 2018, after principal payments of \$3,223,387 were made during the year and a new capital lease was issued for computers and associated equipment, totaling \$551,377.

The District holds energy loans with the Department of Natural Resources (DNR) with an outstanding balance of \$86,269. Principal payments were made during the year in the amount of \$24,263.

The District operates on the modified cash basis of accounting, therefore, payments on long-term obligations are recorded as expenditures. Long-term obligations are not reflected in the financial statements. Information related to long-term obligations is disclosed in the notes to the financial statements.

#### **Economic Factors**

The District initially adopted a deficit budget for the 2017-2018 fiscal year with the expectation that the administrative team would investigate all opportunities to balance the budget throughout the fiscal year. Budget controls were successfully enforced to balance the budget in addition to total revenues exceeding initial expectations for funding. The District ended the 2017-2018 fiscal year at a relatively similar fund balance as the previous fiscal year.

District average daily attendance appears to be stagnant and therefore state revenues sources are somewhat limited to the growth passed on by Missouri's availability of funding. Attempts are in progress to increase revenue opportunities through community outreach programming for the 2017-2018 fiscal year. Overall opportunities for revenue growth are limited.

# **FOX C-6 SCHOOL DISTRICT**

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

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The 2018-2019 budget was passed as a deficit budget. The District administration will investigate all opportunities to attempt to close the deficit as the 2018-2019 year progresses and cost controls are identified. This has been accomplished with consideration to appropriate building improvements and continued development of curriculum. Attempting to work within budget restraints is necessary to avoid using fund balance unless absolutely necessary to maintain facilities and avoid detriment to student achievement.

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

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report please contact Mr. John Brazeal, Chief Financial Officer at 636-296-8000.

### **Description of the School District and Reporting Entity**

Fox C-6 School District (the District) was established in 1948 under the Statutes of the State of Missouri. The District operates as a "six director" district (with seven members of the Board of Education) as described in RSMo Chapter 172.

The School District located in Jefferson County, Missouri serves an area of approximately 75 square miles. The District is staffed by 678 non-certificated employees, 798 certificated full-time teaching personnel, and 70 administrative employees who provide services to nearly 11,300 students and other community members. The School District currently operates eleven (11) elementary (K-5), four (4) middle schools (6-8) and two (2) high schools (9-12).

# FOX C-6 SCHOOL DISTRICT

## STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2018

	<u>Governmental activities</u>
ASSETS	
Cash and investments	\$ 21,326,120
Restricted cash and investments	<u>6,984,659</u>
Total assets	<u>\$ 28,310,779</u>
LIABILITIES	
Payroll withholdings	\$ 4,598,138
NET POSITION	
Restricted for:	
Debt service	4,754,404
Future medical claims	2,230,255
Unrestricted	<u>16,727,982</u>
Total net position	<u>23,712,641</u>
Total liabilities and net position	<u>\$ 28,310,779</u>

See notes to financial statements.

# FOX C-6 SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year ended June 30, 2018

					Net (expense) revenue and changes in net position
Function/Program	Expenses	Program revenues			Total governmental activities
		Charges for services	Operating grants and contributions	Capital grants and contributions	
Governmental activities					
Instruction	\$ 73,472,440	\$ -	\$ 8,154,287	\$ -	\$ (65,318,153)
Attendance	81,927	-	-	-	(81,927)
Guidance	2,413,363	-	-	-	(2,413,363)
Health, psych, speech and audio	998,447	-	-	-	(998,447)
Improvement of instruction	1,534,350	-	-	-	(1,534,350)
Professional development	461,299	-	-	-	(461,299)
Media services	3,204,472	-	-	-	(3,204,472)
Board of education services	292,426	-	-	-	(292,426)
Executive administration	977,088	-	-	-	(977,088)
Building level administration	7,360,627	-	-	-	(7,360,627)
Business central service	1,464,546	-	-	-	(1,464,546)
Operation of plant	9,582,822	-	-	-	(9,582,822)
Security services	263,648	-	-	-	(263,648)
Pupil transportation	5,095,386	-	1,001,872	-	(4,093,514)
Food services	4,122,423	1,884,760	2,167,019	-	(70,644)
Central office support services	4,788,980	4,169,125	-	-	(619,855)
Community services	1,687,783	2,340,859	-	-	653,076
Facilities acquisition and construction	4,478,868	-	-	-	(4,478,868)
Debt service:					
Principal	6,797,687	-	-	-	(6,797,687)
Interest and other charges	3,673,558	-	-	-	(3,673,558)
Total governmental activities	\$ 132,752,140	\$ 8,394,744	\$ 11,323,178	\$ -	(113,034,218)
General revenues					
Taxes					
Property taxes, levied for general purposes					34,450,808
Property taxes, levied for debt service					3,693,156
Property taxes, levied for capital projects					5,144,772
Prop C - sales tax					11,273,929
State aid					50,735,201
Federal, state and county aid not restricted to specific purposes					3,249,792
Interest and investment earnings					2,670,990
Miscellaneous					251,367
Total general revenues					111,470,015
CHANGE IN NET POSITION					(1,564,203)
Net position at July 1, 2017					25,276,844
Net position at June 30, 2018					\$ 23,712,641

See notes to financial statements.

# FOX C-6 SCHOOL DISTRICT

## BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

June 30, 2018

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 16,251,715	\$ 3,946,424	\$ -	\$ 1,127,981	\$ 21,326,120
Restricted cash and investments	-	-	4,754,404	-	4,754,404
Total assets	<u>\$ 16,251,715</u>	<u>\$ 3,946,424</u>	<u>\$ 4,754,404</u>	<u>\$ 1,127,981</u>	<u>\$ 26,080,524</u>
<b>LIABILITIES</b>					
Payroll withholdings	\$ 651,714	\$ 3,946,424	\$ -	\$ -	\$ 4,598,138
<b>FUND BALANCES</b>					
Restricted for:					
Debt service	-	-	4,754,404	-	4,754,404
Assigned:					
Student activities	1,311,916	-	-	-	1,311,916
Capital projects	-	-	-	1,127,981	1,127,981
Unassigned	<u>14,288,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,288,085</u>
Total fund balances	<u>15,600,001</u>	<u>-</u>	<u>4,754,404</u>	<u>1,127,981</u>	<u>21,482,386</u>
Total liabilities and fund balances	<u>\$ 16,251,715</u>	<u>\$ 3,946,424</u>	<u>\$ 4,754,404</u>	<u>\$ 1,127,981</u>	<u>\$ 26,080,524</u>

### Reconciliation to Statement of Net Position

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances of governmental funds	\$ 21,482,386
Internal service funds are used by the District to charge the cost of insurance activities to individual funds. The net position of the internal service fund is included in governmental activities in the Statement of Net Position.	<u>2,230,255</u>
Net position of governmental activities	<u>\$ 23,712,641</u>

See notes to financial statements.

# FOX C-6 SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS Year ended June 30, 2018

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>Revenues</b>					
Local sources	\$ 49,153,000	\$ 5,639,002	\$ 3,760,034	\$ 5,193,513	\$ 63,745,549
County sources	2,238,142	147,773	315,746	107,404	2,809,065
State sources	7,591,153	48,374,943	-	-	55,966,096
Federal sources	3,197,522	3,492,310	-	-	6,689,832
<b>Total revenues</b>	<b>62,179,817</b>	<b>57,654,028</b>	<b>4,075,780</b>	<b>5,300,917</b>	<b>129,210,542</b>
<b>Expenditures</b>					
Instruction	12,349,729	65,887,308	-	116,746	78,353,783
Attendance	82,024	-	-	-	82,024
Guidance	397,828	2,018,384	-	-	2,416,212
Health, psych, speech and audio	999,625	-	-	-	999,625
Improvement of instruction	1,179,033	357,127	-	-	1,536,160
Professional development	177,124	284,719	-	-	461,843
Media services	924,894	1,591,398	-	1,243,339	3,759,631
Board of education services	292,771	-	-	-	292,771
Executive administration	396,923	581,093	-	225	978,241
Building level administration	1,528,182	5,841,132	-	-	7,369,314
Business central services	1,296,338	169,936	-	-	1,466,274
Operation of plant	9,264,927	-	-	329,205	9,594,132
Security services	151,238	-	-	112,721	263,959
Pupil transportation	5,071,889	-	-	29,511	5,101,400
Food service	4,061,432	-	-	65,856	4,127,288
Community services	1,492,481	197,294	-	-	1,689,775
Facilities acquisition and construction	-	-	-	4,478,868	4,478,868
Debt service:					
Principal	-	-	2,225,000	3,247,650	5,472,650
Interest and other charges	-	-	2,507,517	1,048,260	3,555,777
<b>Total expenditures</b>	<b>39,666,438</b>	<b>76,928,391</b>	<b>4,732,517</b>	<b>10,672,381</b>	<b>131,999,727</b>
<b>Revenues over (under) expenditures</b>	<b>22,513,379</b>	<b>(19,274,363)</b>	<b>(656,737)</b>	<b>(5,371,464)</b>	<b>(2,789,185)</b>
<b>Other financing sources (uses)</b>					
Transfers	(22,583,342)	19,274,363	-	3,308,979	-
Proceeds from sale of other property	-	-	-	6,784	6,784
Proceeds from sale of refunding bonds	-	-	14,674,963	-	14,674,963
Premium on issuance of refunding bonds	-	-	1,954,694	-	1,954,694
Payment to refunded escrow agent	-	-	(16,117,781)	-	(16,117,781)
Proceeds from capital lease	-	-	-	551,377	551,377
<b>Total other financing sources (uses)</b>	<b>(22,583,342)</b>	<b>19,274,363</b>	<b>511,876</b>	<b>3,867,140</b>	<b>1,070,037</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(69,963)</b>	<b>-</b>	<b>(144,861)</b>	<b>(1,504,324)</b>	<b>(1,719,148)</b>
<b>Fund balance at July 1, 2017</b>	<b>15,669,964</b>	<b>-</b>	<b>4,899,265</b>	<b>2,632,305</b>	<b>23,201,534</b>
<b>Fund balance at June 30, 2018</b>	<b>\$ 15,600,001</b>	<b>\$ -</b>	<b>\$ 4,754,404</b>	<b>\$ 1,127,981</b>	<b>\$ 21,482,386</b>

### Reconciliation to Statement of Activities

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

Net change in fund balances for governmental funds	\$ (1,719,148)
Internal service funds are used by the District to charge the cost of insurance	154,945
Change in net position of governmental activities	<u>\$ (1,564,203)</u>

See notes to financial statements.

# FOX C-6 SCHOOL DISTRICT

## STATEMENT OF NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUND

June 30, 2018

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	Governmental Activities - Internal Service Fund
ASSETS	
Restricted cash and investments	<u>\$ 2,230,255</u>
NET POSITION	
Restricted for:	
Future medical claims	<u>\$ 2,230,255</u>

See notes to financial statements.



# FOX C-6 SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUND Year ended June 30, 2018

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	Governmental Activities - Internal Service Fund
Revenues	
Insurance premiums	\$ 11,394,052
Interest income	<u>15,916</u>
Total revenues	11,409,968
Operating expenses	
Medical claims	9,600,946
Administration fees	<u>1,654,077</u>
Total operating expenses	<u>11,255,023</u>
CHANGE IN NET POSITION	154,945
Net position at July 1, 2017	<u>2,075,310</u>
Net position at June 30, 2018	<u><u>\$ 2,230,255</u></u>

See notes to financial statements.

# FOX C-6 SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS

June 30, 2018

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$      201,481</u>
NET POSITION	
Restricted for:	
Flex spending	<u>\$      201,481</u>

See notes to financial statements.

# **FOX C-6 SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Fox C-6 School District (the District) operates under the regulations pursuant to Section 162.092 RSMo of the Public School Laws of Missouri, which designates a Board of Education to act as the governing authority. The District provides educational services.

These financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include relevant Governmental Accounting Standards Board (GASB) pronouncements.

#### **Principles Determining the Scope of Reporting Entity**

Generally accepted accounting principles require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) 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 criteria provided in the applicable GASB statements have been considered and there are no other agencies or entities that should be presented with the District.

While parent-teacher organizations of the District's schools provide financial support exclusively to the District, they are not included as a component unit because the amount of financial support provided is of a de minimus nature.

#### **Basis of Presentation**

##### **Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as program revenues include charges paid by the students for goods and services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

# **FOX C-6 SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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### **Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. The emphasis is placed on major funds. Each major fund is presented in a separate column while nonmajor funds, if applicable, are aggregated and presented in a single column.

The major funds of the financial reporting entity are described below:

### **Governmental Funds**

#### **General Fund**

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

#### **Special Revenue Fund**

The Special Revenue Fund is used to account for specific revenue sources that are restricted, committed, or assigned for the payment of salaries and certain employee benefits for certified personnel.

#### **Debt Service Fund**

The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned for the periodic payment of principal, interest and fiscal charges on general long-term debt.

#### **Capital Projects Fund**

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

### **Proprietary Fund**

#### **Internal Service Fund**

The Internal Service Fund accounts for premiums collected for the payment of claims associated with the District's self insurance activities (primarily medical benefits). Expenses consist of medical claims paid.

# **FOX C-6 SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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### **Fiduciary Fund**

#### **Agency Fund**

The Fiduciary Fund is used to account for assets held by the District in a trustee capacity to pay for flex spending claims and contributions deducted from employees' paychecks. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

### **Basis of Accounting**

The government-wide financial statements and fund financial statements are prepared using a modified cash basis of accounting. This basis of accounting recognizes assets, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions except that the purchase of investments are recorded as assets and payroll withholdings are recorded as liabilities. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, general obligation bonds payable and obligations under capital leases) and certain expenses (such as expenses for goods or services received but not yet paid) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the governmental fund financial statements would use the modified accrual basis of accounting, while the government-wide, proprietary fund and fiduciary fund financial statements would be presented on the accrual basis of accounting.

### **Cash and Investments**

Cash resources from all funds, except the Debt Service Fund, are combined to form a pool of cash and temporary investments which is managed by the District's Chief Financial Officer. State law requires that all deposits of the Debt Service Fund be kept separate from all other funds of the District. Interest income earned is allocated to contributing funds based on each funds' proportionate share of funds invested.

The District may invest in United States Treasury-bills, notes, bonds, government agency and instrumentality obligations, repurchase agreements collateralized by government securities, time certificates of deposit and A1-P1 commercial paper.

# FOX C-6 SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

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### **Restricted Assets**

Restricted assets include cash and investments that are legally restricted as to their use. The restricted assets consist of amounts held for future general obligation bond principal and interest payments and amounts held for future medical claims payments.

### **Fund Balances – Governmental Funds**

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's adopted policy, amounts may be assigned by the Chief Financial Officer.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned for those purposes, a negative unassigned fund balance may be reported.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions. The District has not reported any nonspendable or committed fund balances.

The details of the fund balances are included in the Governmental Funds Balance Sheet.

# **FOX C-6 SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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### **Net Position**

In the government-wide, proprietary fund and fiduciary fund financial statements, equity is classified as net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. The remaining balance of net position is reported as unrestricted. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

### **Interfund Activity**

Interfund transfers are reported as other financing sources (uses) in governmental funds. During the year the District transferred \$19,274,363 from the General Fund to the Special Revenue Fund. Transfers are made to the Special Revenue Fund in order to achieve a zero balance in this Fund. The District also transferred \$3,308,979 from the General Fund to the Capital Projects Fund. This transfer was to facilitate certain building improvements and purchases of equipment.

### **Teachers' Salaries**

The salary payment schedule of the District for the year ended June 30, 2018 requires the payment of salaries over a twelve month period. Consequently, the July and August 2018 payroll checks are included in the accompanying financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

## **NOTE 2 – CASH AND INVESTMENTS**

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

The District has investments managed by BOK Financial in conjunction with the Missouri Direct Deposit Program. These investments are restricted for payment of interest and retirement of general obligation bonds issued through the MOHEFA Bond Program. The District also participates in the Missouri Security Investment Program (MoSIP). All funds of these programs are invested in accordance with Section 165.051 of the Missouri Revised Statutes. Each school district owns a pro rata share of each investment or deposit which is held in the name of the Fund. The District had \$1,472,781 and \$140 invested through MOHEFA and MoSIP at June 30, 2018, respectively.

# FOX C-6 SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

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The deposits and investments held at June 30, 2018 and reported at cost are as follows:

	Cost	Investment maturities 0 to 1 year
Deposits		
Cash on hand	\$ 300	N/A
Demand deposits	27,039,039	N/A
Total deposits	27,039,339	
Investments - external investment pools		
Missouri Direct Deposit Program	1,472,781	\$ 1,472,781
Missouri Security Investment Program		
Money market funds	140	140
Total investments	1,472,921	\$ 1,472,921
Total deposits and investments	\$ 28,512,260	
Governmental activities	\$ 28,310,779	
Agency fund	201,481	
Total deposits and investments	\$ 28,512,260	

### Deposits

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. All of the District's deposits were covered by federal depository insurance or collateral held by the District or by its agent in the name of the District.

### Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. The District's deposits were not exposed to custodial credit risk at year end.



# FOX C-6 SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

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### **Custodial Credit Risk – Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the district or its agent, but not in the government's name. The District does not have a policy for custodial credit risk for investments. The District's investments were not exposed to custodial credit risk at year end.

### **Investment Interest Rate Risk**

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### **Credit Risk**

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

The credit ratings of the District's investments at June 30, 2018 are summarized in the schedule below.

	<u>Cost</u>	<u>Rating</u>
Missouri Direct Deposit Program	\$ 1,472,781	Unrated
Missouri Security Investment Program		
Money market funds	<u>140</u>	AAAm
Total investments	<u><u>\$ 1,472,921</u></u>	

### **Concentration of Investment Credit Risk**

Concentration of credit risk is required to be disclosed by the District for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The District has policies in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities by requiring periodic review of diversification strategies. The District's investments were not exposed to concentration credit risk at year end.

# FOX C-6 SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

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### NOTE 3 – TAXES

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

The assessed valuation of the tangible taxable property (excluding state assessed railroad and utilities) for the calendar year 2017 for the purposes of local taxation was:

Real estate	
Residential	\$ 615,989,600
Agricultural	640,000
Commercial	137,254,599
Personal property	<u>191,820,357</u>
Total	<u><u>\$ 945,704,556</u></u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the fiscal year 2018 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.7806	\$ 3.7806
Special Revenue Fund	-	-
Debt Service Fund	0.3982	0.3982
Capital Projects Fund	<u>0.5033</u>	<u>0.5033</u>
Total	<u><u>\$ 4.6821</u></u>	<u><u>\$ 4.6821</u></u>

The receipts of current property taxes during the fiscal year ended June 30, 2018, aggregated approximately 91 percent of the current assessment computed on the basis of the levy as shown above.

# FOX C-6 SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 4 – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts due within one year
Bonds payable	\$ 35,320,000	\$ 14,674,963	\$ (18,225,000)	\$ 31,769,963	\$ 2,500,000
DNR energy loans	110,532	-	(24,263)	86,269	3,844
Obligation under capital leases	26,193,859	551,377	(3,223,387)	23,521,849	2,789,024
Total long-term obligations	<u>\$ 61,624,391</u>	<u>\$ 15,226,340</u>	<u>\$ (21,472,650)</u>	<u>\$ 55,378,081</u>	<u>\$ 5,292,868</u>

Principal and interest on all bonded indebtedness is paid through the Debt Service Fund. The obligation under the capital leases and DNR energy loan are paid by the Capital Projects Fund.

Bonds payable consists of the following at June 30, 2018:

	Original issue amount	Maturity date	Interest rates	Balance at June 30, 2018
Series 2010	\$ 8,650,000	2020	2% - 2.5%	\$ 4,425,000
Series 2013A	4,820,000	2032	2%	3,920,000
Series 2013B	8,750,000	2033	4% - 5%	8,750,000
Series 2017	4,925,000	2025	4%	4,925,000
Series 2017A	<u>9,749,963</u>	2032	2% - 4%	<u>9,749,963</u>
Total bonds payable	<u>\$ 36,894,963</u>			<u>\$ 31,769,963</u>

On September 6, 2017 and December 12, 2017, the District advance refunded \$6,250,000 and \$9,750,000 of outstanding Series 2006 and Series 2012. The District placed \$16,117,781 in an irrevocable trust fund to purchase government obligations. The principal and interest to be earned on the government obligations will be in an amount sufficient for the payment of the principal and interest on the call dates. The Series 2006 was redeemed on September 6, 2017 and Series 2012 will be redeemed on March 1, 2022. The refundings were undertaken to reduce the total debt service payments by \$2,122,304 which resulted in an economic gain of \$1,152,145 (the difference between the present value of the debt service payments on the old and new debt).

# FOX C-6 SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

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The annual requirements to amortize general obligation bonds are as follows at June 30, 2018:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,500,000	\$ 1,181,882	\$ 3,681,882
2020	2,600,000	1,066,563	3,666,563
2021	1,500,000	1,003,188	2,503,188
2022	3,320,000	949,688	4,269,688
2023	1,300,000	883,288	2,183,288
2024-2028	8,299,963	3,645,425	11,945,388
2029-2033	<u>12,250,000</u>	<u>1,452,250</u>	<u>13,702,250</u>
Total	<u>\$ 31,769,963</u>	<u>\$ 10,182,284</u>	<u>\$ 41,952,247</u>

### Capital Lease

On October 20, 2017, the District obtained a capital lease of \$551,377 for the purchase of computers and associated equipment. Semi-annual payments of \$59,695 are due through maturity on October 20, 2022. The interest rate is 2.9% and the lease is secured by the computer equipment purchased.

The District has separate lease agreements funded by lease participation certificates. The proceeds in prior years were used to acquire a new school building, fund certain building improvements, purchase equipment, acquire new school buses and other vehicles, and redeem the remaining Series 2006 certificates of participation of \$2,250,000 and advance refund and defease \$6,005,000 of Series 2007 and \$6,860,000 of Series 2008 certificates of participation. As of June 30, 2018, there is no debt outstanding that is considered to be defeased.

## FOX C-6 SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

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The following is a summary of the future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of June 30, 2018:

Year ending June 30,	
2019	\$ 4,041,225
2020	3,948,352
2021	3,167,620
2022	2,853,770
2023	2,790,459
2024	<u>11,958,808</u>
Total future minimum lease payments	28,760,234
Less amount representing interest	<u>(5,238,385)</u>
Present value of future minimum lease payments	<u>\$ 23,521,849</u>

#### Legal Debt Margin

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a District to fifteen (15%) percent of the assessed valuation of the District (including state-assessed railroad and utilities). The legal debt margin, computed excluding the assessed valuation of State assessed railroad and utilities, of the District at June 30, 2018, was:

Constitutional debt limit	\$ 141,855,683
General obligation bonds payable	(31,769,963)
Amount available in Debt Service Fund	<u>4,754,404</u>
Legal debt margin	<u>\$ 114,840,124</u>

#### NOTE 5 – PENSION PLANS

The District contributes to The Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to certificated employees and death benefits to members and beneficiaries. Positions covered by The Public School Retirement System are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010-.141 of the Missouri Revised Statutes.

The statutes assign responsibility for the administration of the system to a seven member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: PSRS, P.O. Box 268, Jefferson City, Missouri 65102, or by calling 1-800-392-6848.

# **FOX C-6 SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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PSRS members are required to contribute 14.5% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the year ending June 30, 2018, 2017 and 2016 were \$9,392,784, \$9,049,737 and \$9,343,737, respectively, equal to the required contributions.

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

PEERS members are required to contribute 6.86% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the Board of Trustees. The District's contributions to PEERS for the year ending June 30, 2018, 2017 and 2016 were \$1,170,179, \$1,122,308 and \$1,087,864 respectively, equal to the required contributions.

### **NOTE 6 – CONTINGENCIES**

#### **Grant Audits**

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

#### **Litigation**

Various claims and lawsuits are pending against the District. In the opinion of District management and legal counsel, the potential loss on all claims and lawsuits will not be significant to the District's financial statements.

# **FOX C-6 SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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### **NOTE 7 – DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. In accordance with IRC Section 457, the deferred compensation is put in accounts under the participating employee's name. The plan is administered by independent plan administrators through administrative service agreements. The District's administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs investing functions. The assets will not be diverted for any other purpose. Therefore, the financial activity of these plans is not reported in the District's agency fund.

### **NOTE 8 – SELF-INSURED AND POST EMPLOYMENT BENEFITS**

The District retains the risk related to its obligations to provide medical benefits to participating employees. These employees contribute to the self-insurance fund through payroll deductions based on their coverage election. However, the District's maximum liability for each employee or in the aggregate for a one-year period is limited by excess insurance coverage.

The District permits its retirees to participate in the medical insurance programs offered to current employees, including the District's self-insurance program. Retirees pay 100% of the insurance premiums or applicable contributory amounts in the case of the self-insurance program. The amount of medical benefits paid through the self-insurance program during 2018 for retirees, in excess of their contributions, is not readily determinable.

### **NOTE 9 – TAX ABATEMENTS**

The City of Arnold authorized the following tax abatement through Chapter 100 bonds during December 2012 and December 2015, in the amounts of \$88,000,000 and \$150,000,000 for the purpose of supporting the local industry which is Metal Container Corporation a subsidiary of A-B InBev. This abatement was to provide financing to support two expansions of the can plant operated by Metal Container Corporation. As the assessment of the value of this abatement is not within the scope of the Jefferson County Assessor's office, it is undetermined the amount which is abated through this issuance.

# FOX C-6 SCHOOL DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS - BUDGET TO ACTUAL - GENERAL FUND - UNAUDITED Year ended June 30, 2018

	Budgeted amounts		Actual	Variances - over (under)
	Original	Final		Final to actual
Revenues				
Local sources	\$ 48,574,250	\$ 49,153,000	\$ 49,153,000	\$ -
County sources	2,129,980	2,238,142	2,238,142	-
State sources	7,507,838	7,591,153	7,591,153	-
Federal sources	2,756,475	3,197,522	3,197,522	-
Total revenues	60,968,543	62,179,817	62,179,817	-
Expenditures				
Current:				
Instruction	12,669,217	12,349,729	12,349,729	-
Attendance	81,054	82,024	82,024	-
Guidance	216,000	397,828	397,828	-
Health, psych, speech and audio	981,581	999,625	999,625	-
Improvement of instruction	1,452,884	1,179,033	1,179,033	-
Professional development	174,432	177,124	177,124	-
Media services	981,704	924,894	924,894	-
Board of education services	190,800	292,771	292,771	-
Executive administration	442,779	396,923	396,923	-
Building level administration	1,521,892	1,528,182	1,528,182	-
Business central services	1,373,125	1,296,338	1,296,338	-
Operation of plant	8,896,851	9,264,927	9,264,927	-
Security services	154,167	151,238	151,238	-
Pupil transportation	4,542,613	5,071,889	5,071,889	-
Food service	3,910,535	4,061,432	4,061,432	-
Community services	1,564,383	1,492,481	1,492,481	-
Total expenditures	39,154,017	39,666,438	39,666,438	-
Revenues over expenditures	21,814,526	22,513,379	22,513,379	-
Other financing uses				
Transfers	(25,106,256)	(22,583,342)	(22,583,342)	-
NET CHANGE IN FUND BALANCE	<u>\$ (3,291,730)</u>	<u>\$ (69,963)</u>	<u>(69,963)</u>	<u>\$ -</u>
Fund balance at July 1, 2017			<u>15,669,964</u>	
Fund balance at June 30, 2018			<u>\$ 15,600,001</u>	

See notes to supplementary information.



**FOX C-6 SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGETARY BASIS -  
BUDGET TO ACTUAL - SPECIAL REVENUE FUND - UNAUDITED  
Year ended June 30, 2018**

	Budgeted amounts		Actual	Variances - over (under)
	Original	Final		Final to actual
Revenues				
Local sources	\$ 5,612,124	\$ 5,639,002	\$ 5,639,002	\$ -
County sources	150,000	147,773	147,773	-
State sources	47,432,567	48,374,943	48,374,943	-
Federal sources	3,537,961	3,492,310	3,492,310	-
Total revenues	56,732,652	57,654,028	57,654,028	-
Expenditures				
Current:				
Instruction	65,781,540	65,887,308	65,887,308	-
Guidance	1,983,033	2,018,384	2,018,384	-
Improvement of instruction	569,646	357,127	357,127	-
Professional development	285,260	284,719	284,719	-
Media services	1,553,094	1,591,398	1,591,398	-
Executive administration	566,093	581,093	581,093	-
Building level administration	5,899,062	5,841,132	5,841,132	-
Business central services	169,935	169,936	169,936	-
Community services	149,863	197,294	197,294	-
Total expenditures	76,957,526	76,928,391	76,928,391	-
Revenues under expenditures	(20,224,874)	(19,274,363)	(19,274,363)	-
Other financing sources				
Transfers	20,224,874	19,274,363	19,274,363	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	\$ -
Fund balance at July 1, 2017			-	
Fund balance at June 30, 2018			\$ -	

See notes to supplementary information.

# **FOX C-6 SCHOOL DISTRICT**

## **SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS - BUDGET TO ACTUAL - DEBT SERVICE FUND - UNAUDITED Year ended June 30, 2018**

	Budgeted amounts		Actual	Variances - over (under)
	Original	Final		Final to actual
Revenues				
Local sources	\$ 3,072,478	\$ 3,760,034	\$ 3,760,034	\$ -
County sources	191,176	315,746	315,746	-
Total revenues	3,263,654	4,075,780	4,075,780	-
Expenditures				
Debt service:				
Principal	2,225,000	2,225,000	2,225,000	-
Interest and other charges	1,379,713	2,507,517	2,507,517	-
Total expenditures	3,604,713	4,732,517	4,732,517	-
Revenues under expenditures	(341,059)	(656,737)	(656,737)	-
Other financing sources (uses)				
Proceeds from sale of refunding bonds	-	14,674,963	14,674,963	-
Premium on issuance of refunding bonds	-	1,954,694	1,954,694	-
Payment to refunded escrow agent	-	(16,117,781)	(16,117,781)	-
Total other financing sources	-	511,876	511,876	-
NET CHANGE IN FUND BALANCE	\$ (341,059)	\$ (144,861)	(144,861)	\$ -
Fund balance at July 1, 2017			4,899,265	
Fund balance at June 30, 2018			\$ 4,754,404	

See notes to supplementary information.

# FOX C-6 SCHOOL DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS - BUDGET TO ACTUAL - CAPITAL PROJECTS FUND - UNAUDITED Year ended June 30, 2018

	Budgeted amounts		Actual	Variances - over (under)
	Original	Final		Final to actual
Revenues				
Local sources	\$ 4,942,272	\$ 5,193,513	\$ 5,193,513	\$ -
County sources	278,844	107,404	107,404	-
Total revenues	5,221,116	5,300,917	5,300,917	-
Expenditures				
Instruction	110,000	116,746	116,746	-
Media service	786,427	1,243,339	1,243,339	-
Executive administration	-	225	225	-
Operation of plant	1,220,000	329,205	329,205	-
Security services	-	112,721	112,721	-
Pupil transportation	38,000	29,511	29,511	-
Food service	40,000	65,856	65,856	-
Capital outlay	4,410,000	4,478,868	4,478,868	-
Debt service:				
Principal	3,187,850	3,247,650	3,247,650	-
Interest and other charges	1,039,974	1,048,260	1,048,260	-
Total expenditures	10,832,251	10,672,381	10,672,381	-
Revenues under expenditures	(5,611,135)	(5,371,464)	(5,371,464)	-
Other financing sources				
Transfers	4,881,382	3,308,979	3,308,979	-
Proceeds from sale of other property	-	6,784	6,784	-
Proceeds from capital lease	-	551,377	551,377	-
Total other financing sources	4,881,382	3,867,140	3,867,140	-
NET CHANGE IN FUND BALANCE	\$ (729,753)	\$ (1,504,324)	(1,504,324)	\$ -
Fund balance at July 1, 2017			2,632,305	
Fund balance at June 30, 2018			\$ 1,127,981	

See notes to supplementary information.

# FOX C-6 SCHOOL DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS - BUDGET TO ACTUAL - ALL GOVERNMENTAL FUNDS - UNAUDITED Year ended June 30, 2018

	Budgeted amounts			Variances - over (under)
	Original	Final	Actual	Final to actual
Revenues				
Local sources	\$ 62,201,124	\$ 63,745,549	\$ 63,745,549	\$ -
County sources	2,750,000	2,809,065	2,809,065	-
State sources	54,940,405	55,966,096	55,966,096	-
Federal sources	6,294,436	6,689,832	6,689,832	-
Total revenues	126,185,965	129,210,542	129,210,542	-
Expenditures				
Instruction	78,560,757	78,353,783	78,353,783	-
Attendance	81,054	82,024	82,024	-
Guidance	2,199,033	2,416,212	2,416,212	-
Health, psych, speech and audio	981,581	999,625	999,625	-
Improvement of instruction	2,022,530	1,536,160	1,536,160	-
Professional development	459,692	461,843	461,843	-
Media services	3,321,225	3,759,631	3,759,631	-
Board of education services	190,800	292,771	292,771	-
Executive administration	1,008,872	978,241	978,241	-
Building level administration	7,420,954	7,369,314	7,369,314	-
Business central services	1,543,060	1,466,274	1,466,274	-
Operation of plant	10,116,851	9,594,132	9,594,132	-
Security services	154,167	263,959	263,959	-
Pupil transportation	4,580,613	5,101,400	5,101,400	-
Food service	3,950,535	4,127,288	4,127,288	-
Community services	1,714,246	1,689,775	1,689,775	-
Facilities acquisition and construction	4,410,000	4,478,868	4,478,868	-
Debt service:				
Principal	5,412,850	5,472,650	5,472,650	-
Interest and other charges	2,419,687	3,555,777	3,555,777	-
Total expenditures	130,548,507	131,999,727	131,999,727	-
Revenues under expenditures	(4,362,542)	(2,789,185)	(2,789,185)	-
Other financing sources (uses)				
Proceeds from sale of other property	-	6,784	6,784	-
Proceeds from sale of refunding bonds	-	14,674,963	14,674,963	-
Premium on issuance of refunding bonds	-	1,954,694	1,954,694	-
Payment to refunded escrow agent	-	(16,117,781)	(16,117,781)	-
Proceeds from capital lease	-	551,377	551,377	-
Total financing sources	-	1,070,037	1,070,037	-
NET CHANGE IN FUND BALANCE	\$ (4,362,542)	\$ (1,719,148)	(1,719,148)	\$ -
Fund balance at July 1, 2017			23,201,534	
Fund balance at June 30, 2018			\$21,482,386	

See notes to supplementary information.

# **FOX C-6 SCHOOL DISTRICT**

## **NOTES TO SUPPLEMENTARY INFORMATION**

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### **NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING**

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

1. In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
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.
6. Budgets are adopted on the modified cash basis of accounting for all governmental funds.
7. Capital outlay acquired through capital lease obligations are netted and not reported as an expenditure and the proceeds are not reported as an other financing source for budgetary purposes.



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**Independent Accountants' Report on  
Compliance with Specified Requirements of  
Missouri Laws and Regulations**

Board of Education  
Fox C-6 School District

We have examined the Fox C-6 School District's compliance with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the Fox C-6 School District's records of average daily attendance and average daily transportation of pupils and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2018. Management of Fox C-6 School District is responsible for Fox C-6 School District's compliance with the specified requirements. Our responsibility is to express an opinion on Fox C-6 School District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Fox C-6 School District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Fox C-6 School District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on Fox C-6 School District's compliance with specified requirements.

In our opinion, Fox C-6 School District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2018.

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.

*Kerber, Eck & Braeckel LLP.*

St. Louis, Missouri  
December 10, 2018

Other Locations

Carbondale, IL • Columbia, IL • Harrisburg, IL • Litchfield, IL • O'Fallon, IL • Springfield, IL • Cape Girardeau, MO • Milwaukee, WI

# FOX C-6 SCHOOL DISTRICT

## SCHEDULE OF SELECTED STATISTICS – UNAUDITED

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District Number: 050-012

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

- A. Standard day length (SDL) – The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time. Reported with 4 decimal places.

	<u>SDL</u>
Grades K through 5	6.5000
Grades 6 through 8	6.5000
Grades 9 through 12	6.5000

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

	<u>Hours</u>
Grades K through 5	1,109.0000
Grades 6 through 8	1,109.0000
Grades 9 through 12	1,109.0000

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

	<u>Days</u>
Grades K through 5	171
Grades 6 through 8	171
Grades 9 through 12	171

## FOX C-6 SCHOOL DISTRICT

### SCHEDULE OF SELECTED STATISTICS – UNAUDITED

---

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

	<u>Full-Time &amp; Part-Time</u>
Regular term	
Grades K through 5	4,909.918
Grades 6 through 8	2,541.243
Grades 9 through 12	<u>3,180.732</u>
Subtotal regular term	10,631.893
Extended school year subtotal	19.803
Summer school subtotal	<u>324.341</u>
Total regular term plus extended school year and summer school ADA	<u><u>10,976.037</u></u>

#### 3. September Membership

	<u>Full-Time &amp; Part Time</u>
September resident membership	<u><u>11,260.73</u></u>

#### 4. Free and Reduced Priced Lunch FTE Count

	<u>Full-Time &amp; Part-Time</u>
Free	2,811.30
Reduced	<u>659.00</u>
State FTE total	<u><u>3,470.30</u></u>



## FOX C-6 SCHOOL DISTRICT

### SCHEDULE OF SELECTED STATISTICS – UNAUDITED

---

#### 5. Finance

- |   |                  |
|---|------------------|
| A. As required by Section 162.401, RSMo, a bond was purchased for the schools' treasurer in the total amount of:  | <u>\$250,000</u> |
| B. The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.  | <u>True</u>      |
| C. The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo.  | <u>True</u>      |
| D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records.  | <u>True</u>      |
| E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve 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. | <u>N/A</u>       |
| F. The district published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.  | <u>True</u>      |
| G. The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment.          | <u>True</u>      |
| H. The amount spent for approved professional development committee plan activities was:  | <u>\$461,843</u> |

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

Findings #: N/A

Management Letter Comment #: N/A

# FOX C-6 SCHOOL DISTRICT

## SCHEDULE OF SELECTED STATISTICS – UNAUDITED

---

### 6. Transportation

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

True

- B. The District's transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.

True

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

▪ Eligible ADT 8,076.0

▪ Ineligible ADT 831.0

- D. The schools' transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.

True

- E. Actual odometer records show the total district-operated and contracted mileage for the year was:

1,698,049

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

▪ Eligible Miles 1,552,799

▪ Ineligible Miles (Non-Route/Disapproved) 145,250

- F. Number of days the schools operated the school transportation system during the regular school year:

171

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

Findings #: N/A

Management Letter Comment #: N/A



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**Independent Auditors' Report on Internal Control  
Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

Board of Education  
Fox C-6 School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fox C-6 School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Fox C-6 School District's basic financial statements, and have issued our report thereon dated December 10, 2018. Our report on the basic financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fox C-6 School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fox C-6 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fox C-6 School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fox C-6 School District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fox C-6 School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fox C-6 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fox C-6 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kelley, Eck & Braeckel LLP.*

St. Louis, Missouri  
December 10, 2018





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## **Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

Board of Education  
Fox C-6 School District

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

We have audited the Fox C-6 School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Fox C-6 School District's major federal programs for the year ended June 30, 2018. The Fox C-6 School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Fox C-6 School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Fox C-6 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Fox C-6 School District's compliance.

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

In our opinion, the Fox C-6 School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## **Report on Internal Control over Compliance**

Management of the Fox C-6 School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Fox C-6 School District's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Fox C-6 School District's internal control over compliance.

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

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

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

*Kerber, Eck & Braeckel LLP.*

St. Louis, Missouri  
December 10, 2018

# FOX C-6 SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Expenditures</u>
U.S. Department of Education			
Passed-through Missouri Department of Elementary and Secondary Education:			
Title I Grants to Local Educational Agencies	84.010	050-012	\$ 1,241,950
Improving Teacher Quality State Grants	84.367	050-012	337,391
English Language Acquisition Grants	84.365	050-012	23,262
Student Support and Academic Enrichment	84.424	050-012	137
Special Education Cluster			
Special Education - Grants to States	84.027	050-012	2,608,038
Special Education Preschool Grant	84.173	050-012	112,057
Total Special Education Cluster			<u>2,720,095</u>
Passed-through Jefferson Community College			
Career and Technical Education - Basic Grants to State	84.048	N/A	<u>7,000</u>
Total U.S. Department of Education			4,329,835
U.S. Department of Agriculture			
Passed-through Missouri Department of Elementary and Secondary Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	050-012	537,777
National School Lunch Program	10.555	050-012	
Cash Assistance			1,594,686
Non-cash Assistance (Food Distribution)			<u>343,300</u>
Total National School Lunch Program			<u>1,937,986</u>
Total U.S. Department of Agriculture and Child Nutrition Cluster			<u>2,475,763</u>
Total expenditures of federal awards			<u>\$ 6,805,598</u>

The accompanying notes are an integral part of this schedule.

# **FOX C-6 SCHOOL DISTRICT**

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

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### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Fox C-6 School District (the District) under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District and is reported on the modified cash basis of accounting, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain expenditures are not allowable or are limited as to reimbursement.

The District has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

### **NOTE 3 – SUBRECIPIENTS**

There have been no awards passed through to subrecipients.



# FOX C-6 SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### SECTION I – SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of report issued on financial statements: Unmodified opinion

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? No

Noncompliance material to the financial statements noted? No

#### Federal Awards

Internal control over major programs:

Material weakness identified? No

Significant deficiencies identified that are not considered to be material weaknesses? No

Type of auditors' report issued on compliance for major programs: Unmodified opinion

Any audit findings disclosed that are required to be reported under section CFR 200 of OMB Uniform Guidance? No

The programs tested as a major program are as follows:

<u>CFDA Number(s)</u>	<u>Name of Program or Cluster</u>
84.010	Title I - Grants to Local Educational Agencies
84.027, 84.173	Special Education Cluster

The dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? No

# **FOX C-6 SCHOOL DISTRICT**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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### **SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no findings which are required to be reported in accordance with generally accepted auditing standards.

### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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