

**CONSOLIDATED SCHOOL DISTRICT NO 6
(FOX C-6 SCHOOL DISTRICT)**

JEFFERSON COUNTY, MISSOURI

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2020

CONSOLIDATED SCHOOL DISTRICT NO 6 (FOX C-6 SCHOOL DISTRICT)

TABLE OF CONTENTS

	PAGE
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report.....	1-3
Management's Discussion and Analysis.....	4-11
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements:	
Statement of Net Position - Modified Cash Basis.....	12
Statement of Activities - Modified Cash Basis.....	13
Fund Financial Statements:	
Balance Sheet – Modified Cash Basis - All Governmental Funds.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis - All Governmental Funds.....	15
Reconciliation of the Governmental Funds Balance Sheet With the Government-Wide Statement of Net Position - Modified Cash Basis.....	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the Government-Wide Statement of Activities – Modified Cash Basis.....	17
Proprietary Fund Statements:	
Statement of Net Position – Modified Cash Basis - Proprietary Fund.....	18
Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis - Proprietary Fund.....	19
Statement of Cash Flows - Modified Cash Basis - Proprietary Fund.....	20
Fiduciary Fund Statements:	
Statement of Fiduciary Net Position - Modified Cash Basis – Fiduciary (Agency) Fund.....	21
Notes to the Basic Financial Statements.....	22-45

CONSOLIDATED SCHOOL DISTRICT NO 6 (FOX C-6 SCHOOL DISTRICT)

TABLE OF CONTENTS

SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - Modified Cash Basis – General Fund.....	46
Budgetary Comparison Schedule - Modified Cash Basis – Special Revenue Fund.....	47
Budgetary Comparison Schedule - Modified Cash Basis – Debt Service Fund.....	48
Budgetary Comparison Schedule - Modified Cash Basis – Capital Projects Fund.....	49
Budgetary Comparison Schedule - Modified Cash Basis – All Governmental Funds – Excluding Component Unit.....	50
Notes to the Budgetary Comparison Schedules.....	51
Other Post-Employment Benefits.....	52

STATE COMPLIANCE SECTION

Independent Accountant’s Report on Management’s Assertions About Compliance with Specified Requirements of Missouri State Laws and Regulations	53
Schedule of Selected Statistics.....	54-58
Schedule of State Findings.....	59

FEDERAL COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	60-61
Report on Compliance For Each Major Federal Program and Report On Internal Control Over Compliance Required by Uniform Guidance.....	62-63
Schedule of Expenditures of Federal Awards.....	64
Notes to the Schedule of Expenditures of Federal Awards.....	65
Schedule of Findings and Questioned Costs.....	66-67
Summary Schedule of Prior Year Audit Findings.....	68

FINANCIAL SECTION



Daniel Jones & Associates

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education
Consolidated School District No. 6

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund and the remaining fund information of Consolidated School District No. 6 ("District"), Missouri, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund and the remaining fund information of the District as of June 30, 2020, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note I.

Basis of Accounting

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

Other Matters

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Management's Discussion and Analysis, Budgetary Comparison Schedules and Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedules presented on pages 46 through 50 and the Schedule of Expenditures of Federal Awards presented on page 64 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management's Discussion and Analysis on pages 4 through 11 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

December 4, 2020

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Consolidated School District No. 6 (Fox C-6 School District)

745 JEFFCO BLVD.
ARNOLD, MO 63010
636-296-8000 636-282-5180 (FAX)

The Management's Discussion and Analysis (MD&A) of the Consolidated School District No. 6 (Fox C-6 School District) ("District") provides an overview and analysis of the District's modified cash basis financial activities for the fiscal year ended June 30, 2020. The intent of the MD&A is to look at the District's modified cash basis financial performance as a whole. Readers should also review the modified cash basis financial statements found in the Financial Section and the notes thereto to enhance their understanding of the District's modified cash basis financial performance.

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

The MD&A is voluntarily provided additional information provided by the District which is specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in 1999. Certain comparative information between the current year, 2019-2020 (FY20), and the prior year, FY19, is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2020, include the following:

The governmental activities net position (modified cash basis) were \$22,035,048.51 as compared to \$21,942,971.95 the previous year. The governmental funds ending fund balances (modified cash basis) were \$21,021,427.51 as compared to \$21,353,811.55 the previous year.

Program revenues collected made up 15.1% of the total revenues collected for the year ended June 30, 2020, as compared to 15.9% the previous year. These program revenues collected covered 15.1% of the program expenditures paid leaving 84.9%, to be covered by general revenues collected and fund balances, as compared to 15.7% of the program expenditures paid leaving 84.3%, to be covered by general revenues collected and fund balances the previous year.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

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 modified cash basis 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 (modified cash basis) and the Statement of Activities (modified cash basis), provide highly consolidated modified cash basis financial information and render a government-wide perspective of the District's modified cash basis financial condition. They present an aggregate view of the District's modified cash basis finances. These statements seek to answer the question, "How did the District do financially during the 2019-2020 fiscal year?" In short, is the District better financially this year, or is it worse than the prior year? These statements include all cash and investments using the modified cash basis of accounting.

By showing the change in net position (modified cash basis) for the year, the reader may ascertain whether the District's modified cash basis 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 more in depth reporting of the District's modified cash basis financial position and changes in cash basis financial position, fund financial information is presented in the "Fund Financial Statements" section. These fund financial statements, which should be familiar to those who have read previous governmental financial statements, report governmental activities on a current 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" under GASB Statement No. 34. The relationship between governmental activities reported in the government-wide financial statements and the governmental funds reported in the fund financial statements is reconciled in the financial statements.

The remaining financial statements of the proprietary fund present modified cash basis financial information relative to the internal services fund, which accounts for the self-insured health care plan.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. 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 fiduciary funds is presented on a modified cash basis which is consistent with the other funds of the District. The statement of fiduciary net assets

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Government – Wide Financial Analysis

Net position of the District at June 30, 2020, of \$22,035,048.51 reflect the District's total assets of cash and investments net of payroll liabilities as compared to June 30, 2019, of \$21,942,971.95. Net position of the District consist of the following:

Net Position	June 30, 2020	June 30, 2019
Restricted	\$ 5,571,712.10	\$ 5,796,322.60
Unrestricted	16,463,336.41	16,146,649.35
Total Net Position	\$ 22,035,048.51	\$ 21,942,971.95

The restricted net assets are restricted for payment of principal and interest on general obligation bonds, capital projects and self-funded health benefits.

Governmental Activities

A net position of \$22,035,048.51 as of June 30, 2020, reflects an increase of \$92,076.56 from the net position balance of \$21,942,971.95 at June 30, 2019. Key elements of this increase consist of the following:

	June 30, 2020	June 30, 2019
Revenues Collected		
Program Revenues Collected		
Charges for Services	\$ 7,264,675.20	\$ 8,824,106.47
Operating Grants and Contributions	12,202,526.34	12,147,738.24
Capital Grants and Contributions	-	-
General Revneues Collected		
Taxes	56,849,510.30	55,652,090.15
Federal State and County Aid Not		
Restricted to Specific Purposes	3,512,961.56	2,895,700.57
State Aid	48,734,607.60	51,067,697.05
Interest and Investment Earnings	687,871.84	976,478.96
Miscellaneous	17,096.82	182,144.72
Sale of Bonds	-	-
Total Revenues Collected	129,269,249.66	131,745,956.16
Expenses Paid		
Instruction	70,228,049.91	71,572,374.98
Other	44,125,565.70	47,363,424.81
Capital Outlay	6,213,222.64	7,185,162.90
Debt Service:		
Principal Retirement	6,700,150.35	5,280,690.28
Interest and Fiscal Charges	1,910,184.51	2,113,972.10
Total Expenses Paid	129,177,173.10	133,515,625.07
Changes in Net Position	92,076.56	(1,769,668.91)
Net Assets July 1, 2019 and 2018	21,942,971.95	23,712,640.86
Net Assets June 30, 2020 and 2019	\$ 22,035,048.51	\$ 21,942,971.95

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Governmental Activities (concluded)

As reflected above, the expenses paid for the District's governmental activities for the years ended June 30, 2020 and 2019, of \$129,177,173.10 and \$133,515,625.07, respectively, are not all borne by the taxpayers of the District. Of these amounts \$7,264,675.20 and \$8,824,106.47 were paid by those who benefited from the services rendered (e.g., charges for school lunches) and \$12,202,526.34 and \$12,147,738.24 were paid through federal and state operating grants and contributions. For the year ended June 30, 2020, no portion of revenue was used to fund capital expenditures.

Consequently, the net costs of \$109,709,971.56 and \$112,543,780.36, 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 fund balances.

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 of the various categories of expenses paid for the years ended June 30, 2020 and 2019). 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.

	June 30, 2020		June 30, 2019	
	Total Cost of Programs	Net Cost of Programs	Total Cost of Programs	Net Cost of Programs
Instruction	\$70,228,049.90	\$ 60,582,233.62	\$71,572,374.96	\$ 62,884,149.54
Attendance	132,556.56	132,556.56	64,152.21	64,152.21
Guidance	2,113,349.46	2,113,349.46	2,439,590.91	2,439,590.91
Health, Psych, Speech and Audio	4,253,306.43	4,253,306.43	4,491,667.75	4,491,667.75
Improvement of Instruction	1,600,518.93	1,600,518.93	1,816,248.37	1,816,248.37
Professional Development	403,094.52	403,094.52	498,541.71	498,541.71
Media Services (Library)	3,450,665.25	3,450,665.25	3,352,543.23	3,352,543.23
Board of Education Services	125,694.21	125,694.21	287,536.11	287,536.11
Executive Administration	2,846,138.44	2,846,138.44	2,719,007.34	2,719,007.34
Building Administration	6,547,840.46	6,547,840.46	7,654,302.11	7,654,302.11
Business Central Service	1,439,599.57	1,439,599.57	1,491,221.79	1,491,221.79
Operation of Plant	8,838,327.71	8,838,327.71	8,884,288.24	8,884,288.24
Security Services	337,378.50	337,378.50	402,882.39	402,882.39
Pupil Transportation	4,799,813.57	3,787,655.57	4,972,014.20	3,697,908.20
Food Services	3,706,054.17	802,872.81	4,349,877.42	210,478.02
Student Activities	1,745,244.38	(1,715,541.37)	2,029,046.29	(2,020,311.16)
Community Services	1,785,983.54	(659,276.61)	1,910,504.76	(910,251.68)
Capital Outlay	6,213,222.64	6,213,222.64	7,185,162.90	7,185,162.90
Debt Service:				
Principal Retirement	6,700,150.35	6,700,150.35	5,280,690.28	5,280,690.28
Interest and Fiscal Charges	1,910,184.51	1,910,184.51	2,113,972.10	2,113,972.10
Total	\$ 129,177,173.10	\$ 109,709,971.56	\$ 133,515,625.07	\$ 112,543,780.36

CONSOLIDATED SCHOOL DISTRICT NO 6 (FOX C-6 SCHOOL DISTRICT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Governmental Funds Financial Analysis

The District uses funds to control and manage money for particular purposes (e.g., dedicated taxes and bond proceeds). The fund basis financial statements allow the District to demonstrate its stewardship over and accountability for 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 modified cash basis financial health. The District completed the fiscal year ended June 30, 2020 with a combined modified cash basis fund balance for Governmental funds (as presented in the Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis) of \$21,021,427.51 as compared to a combined fund balance of \$21,353,811.55, a decrease of \$332,384.04.

The fund balance of the operating funds (General and Special Revenue) was decreased by \$307,042.87 as compared to an increase of \$40,919.67 the previous year. Transfers were made to the Capital Projects Fund during 2019-2020 in the amount of \$5,069,620.00.

The fund balance of the Debt Service Fund decreased by \$649,071.10 as compared to an increase of \$452,757.71 from the previous year.

The fund balance of the Capital Projects Fund increased by \$623,729.93 as compared to a decrease of \$622,251.97 from the previous year.

The \$4,558,091.10 balance of the Debt Service Fund is legally restricted for payment of bond principal, interest and related fees.

The major source of revenue for operations and debt service is local property taxes amounting to \$44,252,841.75. This is derived from the District's operating levy of \$4.1202 and the debt service levy of \$0.3901 for a total levy of \$4.5103. Other significant local revenues are \$774,335.10 from delinquent local taxes, \$11,427,956.82 from sales tax through Prop-C funding, \$1,233,414.33 from food service, \$2,239,500.15 from community services and \$3,460,785.75 from student activities.

County revenues of \$3,138,638.38 are derived from state assessed utility property of \$3,013,671.39 and county fines of \$124,966.99.

State funding makes up 42.1% of total revenues collected, which decreased from the previous year by \$2,394,750.89 to \$54,476,605.21. The State Foundation Formula for Basic State Aid was \$45,183,966.00, a decrease of \$1,343,411.59 from the prior year. Significant state revenues collected are:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Basic Formula	\$ 48,734,607.60	\$ 51,067,697.05
Transportation	1,012,158.00	1,274,106.00
Early Childhood Special Education	4,035,658.93	3,940,143.26
Other	694,180.68	589,409.79
Total State Revenues	<u>\$ 54,476,605.21</u>	<u>\$ 56,871,356.10</u>

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Governmental Funds Financial Analysis (concluded)

Federal funding which makes up 5.34% of total revenues collected was increased to \$6,896,696.56 from \$6,833,630.14 the previous year. Significant federal revenues collected are:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Medicaid	\$ 227,061.01	\$ 293,573.45
Individuals with Disabilities	2,292,210.90	2,322,142.93
Early Childhood Special Education	319,916.42	259,571.42
School Lunch and Breakfast	1,587,568.62	2,152,855.05
Title I	1,248,271.08	1,440,167.70
CARES	833,283.55	-
Title II	281,388.85	317,806.04
Other	106,996.13	47,513.55
Total Federal Revenue	<u><u>\$ 6,896,696.56</u></u>	<u><u>\$ 6,833,630.14</u></u>

Total governmental fund expenditures paid were \$129,597,189.04 for the year compared to \$131,863,237.74 the previous year. The General Fund accounts for \$37,537,912.81 or 29% of the total expenditures. The Special Revenue (Teachers) Fund accounts for \$75,857,724.05 or 58.5% of total expenditures and consists of certificated teacher salaries and insurance benefits. Debt Service Fund expenditures of \$4,980,940.28 or 3.8% of total expenditures are for principal and interest on general obligation bonds. Capital Fund expenditures of \$11,220,611.90 or 8.7% of total expenditures are for payments on capital leases, construction projects, facility repairs, and equipment.

The following tables summarize the governmental fund revenues collected and expenditures paid for the years ended June 30, 2020 and 2019.

	<u>June 30, 2020</u>	<u>%</u>	<u>June 30, 2019</u>	<u>%</u>
Local	\$ 64,613,899.88	50.0%	\$ 65,443,669.59	49.7%
County	3,138,638.38	2.4%	2,586,007.32	2.0%
State	54,476,605.21	42.2%	56,871,356.10	43.2%
Federal	6,896,696.56	5.3%	6,833,630.14	5.2%
Total Revenues Collected	<u><u>\$ 129,125,840.03</u></u>	<u><u>100.0%</u></u>	<u><u>\$ 131,734,663.15</u></u>	<u><u>100.0%</u></u>

	<u>June 30, 2020</u>	<u>%</u>	<u>June 30, 2019</u>	<u>%</u>
Instruction	\$ 72,237,649.12	55.7%	\$ 72,578,869.13	55.0%
Support Services	40,743,439.04	31.4%	42,820,581.41	32.5%
Debt Service	8,610,334.86	6.6%	7,394,662.38	5.6%
Capital Outlay	6,213,222.64	4.8%	7,185,162.90	5.4%
Community Service and Other	1,792,543.38	1.4%	1,883,961.92	1.4%
Total Expenditures	<u><u>\$ 129,597,189.04</u></u>	<u><u>100.0%</u></u>	<u><u>\$ 131,863,237.74</u></u>	<u><u>100.0%</u></u>

CONSOLIDATED SCHOOL DISTRICT NO 6 (FOX C-6 SCHOOL DISTRICT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Budgetary Highlights

Over the course of the year, the Board of Education revised the District's budget to take into consideration changes in revenues collected or expenditures paid as compared to the original budget. Missouri statutes for public School finance, Section 67.010, RSMo. require a budget amendment if anticipated expenditures are in excess of budgetary goals. The original budget was adopted on June 18, 2019 and the Board of Education made a final revision on June 16, 2020.

Statements comparing fund modified cash basis revenues and expenditures to the original and final budgets are provided in the auditor's 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 district closing all buildings in mid-March due to the COVID-19 pandemic.

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 expenditure were primarily due to capital projects related to bond issuances for building and technology improvements.

Long Term Debt

At June 30, 2020, the District had outstanding general obligation bonds of \$25,369,963.40 reflecting principal payments of \$3,900,000.00 and interest payments of \$1,072,990.28 made during the year.

State statutes limit the amount of general obligation debt a school district may issue to 15% of the assessed valuation. The debt limitation of \$151,994,577 at June 30, 2020, is based on the December 31, 2019 assessed values.

The District has capital leases with outstanding future lease payments of \$17,966,191.81 at June 30, 2020, after principal payments of \$2,783,256.88 were made during the year and interest paid in the amount of \$827,399.70.

The District holds an energy loan with the Department of Natural Resources (DNR) with an outstanding balance of \$61,085.14. Principal payments were made during the year in the amount of \$16,893.47 along with interest payments of \$1,844.53.

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

CONSOLIDATED SCHOOL DISTRICT NO 6 (FOX C-6 SCHOOL DISTRICT)
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Economic Factors

The District initially adopted a deficit budget for the 2019-2020 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 addressing the budget imbalance until the District closed all buildings in March due to the COVID-19 pandemic. The impact of the pandemic on the national, state, and local economies caused a reduction in revenues to the district of approximately \$3 million, with a similar reduction in funding for the next fiscal year. Despite the effects of the pandemic, the District ended the 2019-2020 fiscal year with a relatively small deficit of \$332,384.

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, which is not anticipated to reach pre-pandemic levels for a few years. Attempts are in progress to increase revenue opportunities through community outreach programming for the 2020-2021 fiscal year. Overall opportunities for revenue growth are limited.

The 2020-2021 budget was passed as a deficit budget. The District administration is investigating all opportunities to attempt to close the deficit as the 2020-2021 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 balances, 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 Consolidated School District No. 6 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 Stewart, Chief Financial Officer at 636-296-8000.

Description of the School District and Reporting Entity

Consolidated School District No. 6 (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 11,500 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).

BASIC FINANCIAL STATEMENTS

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated School District No. 6 ("District") was established under the Statutes of the State of Missouri. The District operates as a "six director" District (with seven members of the Board of Education) as described in RSMo Chapter 162.

The financial statements of Consolidated School District No. 6 have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting (OCBOA) other than generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. A decision whether to include a potential component unit in the reporting entity would be made by applying criteria set forth in GAAP. The basic, but not the only criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has determined that no other outside agency meets the above criteria, and therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight, which would result in the District being considered a component unit of the entity.

Basis of Presentation

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

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and modified cash basis of accounting. This is the same approach used in the preparation of proprietary fund financial statements, but it differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues of the District and for each program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. The District segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The District believes that all the funds presented are important to the users of its financial statements, therefore it considers the Incidental Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund all to be major.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, and fund balances arising from revenues and expenditures. The measurement focus is upon determination of changes in the financial position rather than upon net income determination. The District uses the following funds:

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

Special Revenue (Teachers') Fund: A special revenue fund is required to be established by state law which accounts for expenditures for certified employees involved in instruction and administration, and includes revenues restricted by the state and local tax levy allocations for the payment of teacher salaries and certain benefits.

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

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

Proprietary Funds

Proprietary funds include enterprise and internal service funds. Enterprise funds account for ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is upon the determination of change in net position. Internal service funds are established to account for services furnished by a department of the District to other departments on a cost reimbursement basis. The District's proprietary fund includes the activity of the District's self-insured medical benefits account.

Proprietary funds distinguish between operating revenues and expenses from nonoperating items. Operating revenues and expenses normally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are District and employee contributions. Operating services of this internal service fund include benefit payments, insurance premiums and administrative costs. Investment income is reported as nonoperating revenue.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

The Statement of Fiduciary Net Position (Agency Fund) accounts for assets held by the District in a trustee capacity to pay for flex spending claims and contributions deducted from employees' paychecks.

Cash and Cash Equivalents

The District considers all liquid investments with original maturities of three months or less to be cash equivalents.

Basis of Accounting

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

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and other accrued revenue and receivables) and certain liabilities and their related expense or expenditures (such as accounts payable and expenses for goods for services received but not yet paid, and other accrued expenses and liabilities) are not recorded in these financial statements.

In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event (such as donated assets and postemployment benefit obligations) are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

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

Fiduciary Funds are maintained on the cash basis of accounting. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the cash basis of accounting, revenue is recorded when received and expenditures are recorded when paid.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues-Exchange and Non-Exchange Transactions

Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the modified cash basis when the District receives the revenue.

Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. On a modified cash basis, revenue from property taxes is recognized in the fiscal year for which the taxes are collected. Revenue from grants, entitlements and donations is recognized in the fiscal year in which the funds are received and eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Post-Employment Benefits

COBRA Benefits - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program, and there were 18 participants paying premiums of \$17,674.54 in the program as of June 30, 2020.

The District also has a policy that allows retirees to remain in the insurance program of the District. The premium is paid in full by the insured. During the year ended June 30, 2020, 201 retiree's participated on the health insurance plan, 501 on the dental insurance plans and paid premiums totaling \$155,930.61.

Inventories

The District does not maintain inventory cost records. Inventory is deemed to be immaterial and is accounted for using the purchase method in which supplies are charged to expenditures when purchased.

Self-Insured Medical Benefits

The District is under a self-insured plan to provide medical benefits to participating employees and their families. The participating employees contribute to the self-insurance fund through payroll deductions based on their coverage election. The District's maximum liability for each employee and in the aggregate for a one-year period is limited by insurance coverage. Transactions for the self-funded insurance are recorded in the Internal Service Fund.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Flex Spending Arrangement

The District has established a flexible spending arrangement, which is a benefit that provides employees with coverage under which specified, incurred expenses may be reimbursed (subject to reimbursement maximums and other reasonable conditions). This arrangement allows participating employees to make pre-tax contributions to the flexible spending arrangement accounts for reimbursements of health and/or dependent care expenses.

The employee does run the risk of forfeiture of any unused contribution by the end of the maximum time period allowed under the plan. A third party administers the reimbursement for the District. The District merely acts as an agent, withholding the funds and reimbursing approved health and/or dependent care expenses.

Salaries

The District's scheduled salary payment for the 2019-20 school year involves paying salaries over a 12-month period. Consequently, the July and August 2020 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.

Compensated Absences

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Amounts that are unpaid and vested in the employee are paid at termination. Total vested and unpaid sick leave at June 30, 2020, amounted to approximately \$3,975,656.42. This estimate has not been subjected to auditing procedures.

Fund Balance Classification

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

Nonspendable Fund Balance consists of funds that cannot be spent due to their form (e.g., inventories and prepaids) or funds that legally or contractually must be remain intact. The District did not have any nonspendable resources as of June 30, 2020.

Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District held bonds and are restricted through debt covenants.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Fund Balance Classification (concluded)

Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision-making authority, which is the Board of Education. Formal action must be taken prior to the end of the fiscal year, such as a vote from the Board of Education. The same formal action must be taken to remove or change the limitations placed on the funds. The District did not have any committed resources as of June 30, 2020.

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision-making authority, which is the Board of Education, or a body or official, like the Superintendent, who has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance. This classification includes the remaining positive fund balance of all governmental funds except for the General Fund.

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

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but it reserves the right to selectively spend Unassigned resources first to defer using these other classified funds.

As of June 30, 2020, fund balance components other than unassigned fund balances consist of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund	\$ -	\$ -	\$ -	\$ -
Special Revenue/ (Teacher) Fund	-	-	-	-
Debt Service Fund	-	4,558,091.10	-	-
Capital Projects Fund	-	-	-	1,129,459.61
Total	<u>\$ -</u>	<u>\$ 4,558,091.10</u>	<u>\$ -</u>	<u>\$ 1,129,459.61</u>

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

II. DEPOSITS AND INVESTMENTS

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

Governmental and Proprietary Funds

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2020, the carrying amount of the District's governmental fund deposits and investments was \$21,021,427.51, and the carrying amount of the District's proprietary fund deposits was \$1,013,621.00. The bank balance was \$27,954,146.05. Deposits were fully insured by depository insurance or secured with collateral held by the financial institution in the District's name.

The District also has escrow deposits in the amount of \$1,001,280.61 that are not covered by Federal Deposit Insurance Corporation (FDIC).

The carrying values of the deposits held at June 30, 2020, for the governmental and proprietary funds are as follows:

TYPE	MATURITIES	FMV
Governmental Funds		
Deposits:		
Demand Deposits	N/A	\$ 16,463,336.41
Restricted Cash	N/A	4,558,091.10
Subtotal Deposits		<u>21,021,427.51</u>
Proprietary Funds		
Restricted:		
Self-Insurance Fund – Cash	N/A	1,013,621.00
Subtotal Deposits		<u>1,013,621.00</u>
Grand Total Deposits		<u>\$ 22,035,048.51</u>

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's investment policy does not include custodial credit risk requirements. The District's deposits were not exposed to custodial credit risk for the year ended June 30, 2020.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

II. DEPOSITS AND INVESTMENTS (concluded)

SUMMARY OF CARRYING VALUES

Included in the following fund financial statement captions:

Balance Sheet – Governmental Funds

Cash and Equivalents	\$ 16,463,336.41
----------------------	------------------

Restricted:

Restricted Cash	4,558,091.10
	<u>\$ 21,021,427.51</u>

Statement of Net Position –
Proprietary Fund

Restricted:

Cash and Equivalents	\$ 1,013,621.00
	<u>\$ 1,013,621.00</u>

III. TAXES

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

The District also receives sales tax collected by the State, and it is remitted based on prior year weighted average daily attendance.

The assessed valuation of the tangible taxable property (including state assessed railroad and utilities) for the calendar year 2019, for purposes of local taxation, was:

Real Estate:

Residential	\$ 654,531,500
Agricultural	634,600
Commercial	151,060,998
Personal Property	<u>207,070,087</u>
TOTAL	<u>\$ 1,013,297,185</u>

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

III. TAXES (concluded)

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2019, for purposes of local taxation, was:

	UNADJUSTED	ADJUSTED
General Fund	\$ 3.5002	\$ 3.5002
Special Revenue Fund	0.0000	0.0000
Debt Service Fund	0.3901	0.3901
Capital Projects Fund	0.6200	0.6200
TOTAL	\$ 4.5103	\$ 4.5103

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2020, aggregated approximately 96.83 % of the current assessment computed on the basis of the levy as shown above.

IV. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	OBLIGATION BONDS	CAPITAL LEASES	DNR ENERGY LOAN	TOTAL
Long-Term Debt – July 1, 2019	\$ 29,269,963.40	\$ 20,749,448.69	\$ 77,978.61	\$ 50,097,390.70
Add-issued	-	-	-	-
Less-Payments/Refunding	(3,900,000.00)	(2,783,256.88)	(16,893.47)	(6,700,150.35)
Long-Term Debt – June 30, 2020	<u>\$ 25,369,963.40</u>	<u>\$ 17,966,191.81</u>	<u>\$ 61,085.14</u>	<u>\$ 43,397,240.35</u>

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

IV. CHANGES IN LONG-TERM DEBT (continued)

Bonds payable at June 30, 2020, consist of:

\$9,749,963.40 Original Principal Consolidated School District No. 6 General Obligation Refunding Bonds Series 2017A due in varying annual principal installments ranging from \$100,000 to \$1,720,000 beginning September 1, 2018, through March 1, 2032; interest rate is variable from 2.00% to 4.00%	\$ 9,549,963.40
\$4,925,000 Original Principal Consolidated School District No. 6 General Obligation Refunding Bonds Series 2017 due in varying annual principal installments ranging from \$1,200,000 to \$1,300,000 beginning March 1, 2018, through March 1, 2025; interest rate is 4.00%	4,925,000.00
\$8,650,000 Original Principal Consolidated School District No. 6 General Obligation Refunding Bonds Series 2010 due in varying annual principal installments ranging from \$50,000 to \$2,275,000 through March 1, 2020; interest rate is variable from 2.00% to 2.500%. The bond was paid off during the fiscal year.	-
\$4,820,000 Original Principal Consolidated School District No. 6 General Obligation Refunding Bonds Series 2013A due in varying annual principal installments ranging from \$200,000 to \$3,220,000 beginning September 1, 2013, through March 1, 2022; interest rate is 2.00%	2,145,000.00
\$8,750,000 Original Principal Consolidated School District No. 6 General Obligation Bonds Series 2013B due in varying annual principal installments ranging from \$875,000 to \$1,300,000 beginning September 1, 2013, through March 1, 2033; interest rate is variable from 4.00% to 5.00%	8,750,000.00
	<hr/> <u>\$ 25,369,963.40</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2020, including interest payments are as follows:

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

FISCAL YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2021	\$ 1,500,000.00	\$ 977,187.50	\$ 2,477,187.50
2022	2,020,000.00	923,687.50	2,943,687.50
2023	1,300,000.00	883,287.50	2,183,287.50
2024	1,350,000.00	833,287.50	2,183,287.50
2025	1,410,000.00	781,287.50	2,191,287.50
2026-2030	10,844,963.40	3,869,386.60	14,714,350.00
2031-2033	6,945,000.00	533,750.00	7,478,750.00
TOTAL	\$ 25,369,963.40	\$ 8,801,874.10	\$ 34,171,837.50

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

IV. CHANGES IN LONG-TERM DEBT (continued)

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a District to 15% of the assessed valuation of the district (including state-assessed railroad and utilities). The District did not exceed the available bonding capacity at June 30, 2020.

CAPITAL LEASES

The District entered into a capital lease on October 20, 2017, for computers with Midwest Regional Bank for \$551,377.20. The terms of the lease agreement include an interest rate of 2.90% with 5 payments of \$119,390.28, ending October 20, 2022. The total lease expense for the year ended June 30, 2020, was \$119,390.32.

Certificates of Participation

\$6,310,000 Original Principal Consolidated School District No. 6 Certificates of Participation Series 2014 – Due in varying annual principal installments through 2025, ranging from \$340,000.00 to \$1,490,000.00; interest rate is variable ranging from 2.00% to 3.60%.

\$22,145,000 Original Principal Consolidated School District No. 6 Certificates of Participation Series 2015 – Due in varying annual principal installments through 2028, ranging from \$120,000.00 to \$2,140,000.00; interest rate is variable ranging from 2.00% to 5.00%.

The following is a summary of the future minimum lease payments required under these capital leases and the present value of the net minimum lease payments at June 30, 2020:

FISCAL YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2021	\$ 2,335,000.00	\$ 694,491.26	\$ 3,029,491.26
2022	2,130,000.00	585,641.26	2,715,641.26
2023	2,225,000.00	487,026.26	2,712,026.26
2024	2,335,000.00	383,213.76	2,718,213.76
2025	2,430,000.00	273,503.76	2,703,503.76
2026-2028	6,225,000.00	398,637.52	6,623,637.52
TOTAL	<u>\$ 17,680,000.00</u>	<u>\$ 2,822,513.82</u>	<u>\$ 20,502,513.82</u>

ENERGY/OTHER FINANCING

The District entered into a \$165,185.50 loan with a 2.5% interest rate and 1.0% loan origination fee, effective March 19, 2013, with the Missouri Department of Natural Resources (MDNR). Repayment of the loan begins February 1, 2014, with a final payment ending August 1, 2023.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

IV. CHANGES IN LONG-TERM DEBT (concluded)

The annual requirements to amortize MDNR loans outstanding as of June 30, 2020, including interest payments are as follows:

FISCAL YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2021	\$ 17,318.44	\$ 1,419.56	\$ 18,738.00
2022	17,754.11	983.89	18,738.00
2023	18,200.73	537.27	18,738.00
2024	7,811.86	97.65	7,909.51
TOTAL	<u>\$ 61,085.14</u>	<u>\$ 3,038.37</u>	<u>\$ 64,123.51</u>

V. RETIREMENT PLAN

Financial reporting information pertaining to the District's participation in the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri (PSRS and PEERS, also referred to as the Systems) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PSRS and PEERS have been determined on the same basis as they are reported by the Systems. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing the Systems. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value. The fiduciary net position is reflected in the measurement of the District's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

V. RETIREMENT PLAN (continued)

General Information about the Pension Plan - PSRS

Plan Description. PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of the Systems, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the State of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "two-thirds statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2018, 2019 and 2020. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

The District's contributions to PSRS were \$9,367,954.94 for the year ended June 30, 2020.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

V. RETIREMENT PLAN (continued)

General Information about the Pension Plan - PEERS

Plan Description. PEERS is a mandatory cost-sharing multiple employer retirement system for all non-certificated public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of PSRS must contribute to PEERS. Employees of the Systems who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600 - 169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of PSRS.

Benefits Provided. PEERS is a defined benefit plan providing retirement, disability, and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems' website at www.psrs-peers.org.

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2018, 2019 and 2020. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PEERS were \$1,191,422.86 for the year ended June 30, 2020.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

V. RETIREMENT PLAN (continued)

General information about the Pension Plan – PSRS and PEERS

Cost-of-Living Adjustments (“COLA”). The Board of Trustees has established a policy of providing COLAs to both PSRS and PEERS members as follows:

-If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.

-If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.

-If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.

-If the CPI decreases, no COLA is provided.

For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Pension Liabilities and Pension Expense – PSRS

At June 30, 2020, the District has a liability of \$97,594,051 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2019, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$9,412,237 paid to PSRS for the year ended June 30, 2019, relative to the total contributions of \$711,760,160 from all participating employers. At June 30, 2019, the District's proportionate share was 1.3224%.

Pension Liabilities and Pension Expense - PEERS

At June 30, 2020, the District has a liability of \$7,853,453 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2019, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$1,182,327 paid to PEERS for the year ended June 30, 2019, relative to the total contributions of \$119,080,046 from all participating employers. At June 30, 2019, the District's proportionate share was 0.9929%.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

V. RETIREMENT PLAN (continued)

Actuarial Assumptions – PSRS and PEERS

Actuarial valuations of the Systems involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the studies and effective with the June 30, 2016, valuation. For the June 30, 2017, valuations, the investment rate of return was reduced from 7.75% to 7.6% and the assumption for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the Board of Trustees at their November 2017 meeting. For the June 30, 2018, valuation, the investment rate of return assumption was further reduced from 7.60% to 7.50%. No additional assumption changes have occurred. Significant actuarial assumptions and methods are detailed below. For additional information, please refer to the Systems' Comprehensive Annual Financial Report (CAFR). The next experience studies are scheduled for 2021.

Significant actuarial assumptions and other inputs used to measure the total pension liability:

- Measurement Date	June 30, 2019
- Valuation Date	June 30, 2019
- Expected Return on Investments	7.50%, net of investment expenses and including 2.25% inflation
- Inflation	2.25%
- Total Payroll Growth	PSRS: 2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity. PEERS: 3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

V. RETIREMENT PLAN (continued)

Actuarial Assumptions – PSRS and PEERS (Continued)

- Future Salary Increases PSRS: 3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.

PEERS: 4.00% – 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.

- Cost-of-Living Increases PSRS & PEERS: The annual COLA assumed in the valuation increases from 1.30% to 1.65% over seven years, beginning January 1, 2021. The COLA reflected for January 1, 2020, is 0.00% in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.90% to a normative inflation assumption of 2.25% over seven years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:

If the June to June change in the CPI-U is less than 2% for consecutive one year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.

If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.

If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.

If the CPI decreases, no COLA is provided.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

V. RETIREMENT PLAN (continued)

Actuarial Assumptions – PSRS and PEERS (Continued)

- Cost-of-Living Increases (Concluded) The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.

- Mortality Assumption

Actives: PSRS: RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

PEERS: RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

Non-Disabled Retirees,
Beneficiaries and Survivors:

PSRS: RP 2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

PEERS: RP 2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

Disabled Retirees:

PSRS & PEERS: RP 2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

V. RETIREMENT PLAN (continued)

Actuarial Assumptions – PSRS and PEERS (Concluded)

Changes in Actuarial Assumptions and Methods

PSRS & PEERS: There have been no assumption changes since the June 30, 2018, valuations.

Fiduciary Net Position The Systems issue a publicly available financial report (CAFR) that can be obtained at www.psrs-peers.org.

Expected Rate of Return

The long-term expected rate of return on investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2019, are summarized below along with the long-term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis	Weighted Long-term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.16%	1.39%
Public Credit	7.0%	2.17%	0.15%
Hedged Assets	6.0%	4.42%	0.27%
Non-U.S. Public Equity	15.0%	6.01%	0.90%
U.S. Treasuries	16.0%	0.96%	0.15%
U.S. TIPS	4.0%	0.80%	0.03%
Private Credit	4.0%	5.60%	0.22%
Private Equity	12.0%	9.86%	1.18%
Private Real Estate	9.0%	3.56%	0.32%
Total	100.0%		4.61%
Inflation			2.25%
Long-term arithmetical nominal return			6.86%
Effect of covariance matrix			0.64%
Long-term expected geometric return			7.50%

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

V. RETIREMENT PLAN (continued)

Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.5% as of June, 30, 2019, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with the June 30, 2016, valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees further reduced the assumed rate of return to 7.6% effective with the June 30, 2017, valuation, and to 7.5% effective with the June 30, 2018, valuation. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarial accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Discount Rate Sensitivity

The sensitivity of the District's net pension liabilities to changes in the discount rate is presented below. The District's net pension liabilities calculated using the discount rate of 7.50% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.50%) or 1.0% higher (8.50%) than the current rate.

Discount Rate	<u>1% Decrease (6.50%)</u>	<u>Current Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
PSRS Proportionate share of the Net Pension			
Liability / (Asset)	\$177,540,653	\$97,594,051	\$31,142,108
PEERS Proportionate share of the Net Pension			
Liability / (Asset)	\$ 14,913,453	\$ 7,853,453	\$ 1,931,866

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios - PSRS

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/14	1.4775%	\$60,615,551	\$65,798,165	92.12%	89.34%
6/30/15	1.3042%	\$75,289,642	\$59,237,521	127.10%	85.78%
6/30/16	1.3120%	\$97,621,313	\$60,843,472	160.45%	82.18%
6/30/17	1.3180%	\$95,179,702	\$62,510,077	152.26%	83.77%
6/30/18	1.3453%	\$100,123,367	\$64,973,143	154.10%	84.06%
6/30/19	1.3224%	\$97,594,051	\$65,160,989	149.77%	84.62%

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

V. RETIREMENT PLAN (concluded)

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios - PEERS

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/14	1.2465%	\$4,551,794	\$18,176,558	25.04%	91.33%
6/30/15	1.0696%	\$5,657,180	\$16,037,706	35.27%	88.28%
6/30/16	1.0387%	\$8,333,857	\$16,039,621	51.96%	83.32%
6/30/17	1.0128%	\$7,727,166	\$16,276,479	47.47%	85.35%
6/30/18	1.0291%	\$7,951,983	\$17,122,810	46.44%	86.06%
6/30/19	0.9929%	\$7,853,453	\$17,235,107	45.57%	86.38%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available. The data provided in the schedules is based as of the measurement date of the Systems' net pension liability, which is as of the beginning of the District's fiscal year.

Schedule of Employer Contributions - PSRS

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$9,144,205	\$9,144,205	\$ -	\$63,220,190	14.46%
6/30/14	9,514,261	9,514,261	-	65,798,165	14.46%
6/30/15	8,563,001	8,563,001	-	59,237,521	14.46%
6/30/16	8,788,657	8,788,657	-	60,843,472	14.44%
6/30/17	9,016,495	9,016,495	-	62,510,077	14.42%
6/30/18	9,379,376	9,379,376	-	64,973,143	14.44%
6/30/19	9,412,237	9,412,237	-	65,160,989	14.44%

Schedule of Employer Contributions - PEERS

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$1,246,532	\$1,246,532	\$ -	\$18,171,863	6.86%
6/30/14	1,246,910	1,246,910	-	18,176,558	6.86%
6/30/15	1,100,187	1,100,187	-	16,037,706	6.86%
6/30/16	1,100,316	1,100,316	-	16,039,621	6.86%
6/30/17	1,116,568	1,116,568	-	16,276,479	6.86%
6/30/18	1,174,622	1,174,622	-	17,122,810	6.86%
6/30/19	1,182,327	1,182,327	-	17,235,107	6.86%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

VI. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all district employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In accordance with Internal Revenue Code Section 457, the deferred compensation is put in accounts under the participating employee's name. The plans are 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 to any other purpose. Therefore, the financial activity of these plans is no longer reported in the District's Agency Fund.

VII. EMPLOYEE BENEFIT PLAN

The District offers its employees tax sheltered investment programs created in accordance with Internal Revenue Service Code Section 403(b). The plan is available to all District employees and permits them to accumulate funds through salary deferral on a tax-free basis until such funds are withdrawn from the plan.

VIII. SELF-INSURED AND POST-RETIREMENT MEDICAL BENEFITS

The District generally retains the risks 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, both classified and certified, 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 2019-2020 for retirees, in excess of their contributions, is not readily determinable.

IX. INTERFUND TRANSFERS

During 2020, transfers were made to the Capital Projects Fund and Special Revenue Fund from the General Fund. The transfer to the Capital Projects Fund consists of \$5,069,620 for a \$162,326 or 7% SATxWADA transfer. A transfer of \$19,297,310.60 was made to the Special Revenue Fund in order to achieve a zero balance in the account.

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 24,366,930.60
Special Revenue Fund	19,297,310.60	-
Capital Projects Fund	5,069,620.00	-
	<u>\$ 24,366,930.60</u>	<u>\$ 24,366,930.60</u>

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

X. CONTINGENCIES

Grant Audit – The District receives federal grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under, or other noncompliance with terms of the grants and funding. The District is not aware of any 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 – At this time, the District is involved in pending litigation. No provision has been made in the financial statements for any loss that might arise in the event of an unfavorable outcome of these matters. District management believes that such litigation and claims will ultimately be resolved without material financial liability, if any, to the District.

XI. 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.

XII. SUBSEQUENT EVENT

On June 2, 2020, Jefferson County residents approved Proposition P to allow the Fox C-6 School District to borrow \$40,000,000 for the purpose of payment costs of acquiring, constructing, renovating, furnishing and equipping new and existing school sites, building and related facilities.

On September 18, 2020, the District entered into a \$10,000,000 Taxable Tax and Revenue Anticipation Note in order to ease the cash flow difficulties associated with the District anticipated expenditures. The note has an interest rate of 1.51% and payment begin October 1, 2020 with all outstanding principal and accrued interest due in full on January 15, 2021.

SUPPLEMENTARY INFORMATION

CONSOLIDATE SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2020

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 of the political subdivision.
- 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 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) On June 18, 2019, the budget was legally enacted by a vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the accompanying financial statements.
- 6) Budgeted amounts are as finally amended by the Board of Education.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
OTHER POST-EMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2020

OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note I, V and VIII, the District allows employees who retire from the District to participate in the District's medical, dental and vision insurance plans. Upon meeting the retirement requirements of PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate.

The premiums are based on a single-blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand-alone financial report is available for the plan. During the year ended June 30, 2020, 201 retiree's participated on the health insurance plan, 501 on the dental insurance plans and paid premiums totaling \$155,930.61

STATE COMPLIANCE SECTION



Daniel Jones & Associates

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Members of the Board of Education
Consolidated School District No. 6

Report on Compliance with State Requirements

We have examined management's assertions that the Consolidated School District No. 6 complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's records of average daily attendance and average daily transportation of pupils, and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2020.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on management's assertions about the District's compliance based on our examination. Our examination was made in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our opinion does not provide a legal determination on the District's compliance with specified requirements.

Opinion on Compliance with State Requirements

In our opinion, management's assertions that the Fox C-6 School District complied with the aforementioned requirements for the year ended June 30, 2020, are fairly stated, in all material respects.

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

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI
December 4, 2020

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2020

I. CHAPTER 67 RSMO (BUDGET STATUTE)

Chapter 67 RSMo requires that each political subdivision of the State of Missouri adopt an annual budget, itemized by fund. It further requires that in no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

There were no state budget findings for the year ended June 30, 2020.

FOX C-6 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
DISTRICT NO. 050-012
YEAR ENDED JUNE 30, 2020

1. CALENDAR (SECTIONS 160.041, 171.029, 171.031, AND 171.033 RSMo)

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours In Session
4010	K	5	-	6.5000	126	814.00
4020	K	5	-	6.5000	126	814.00
4030	K	5	-	6.5000	126	814.00
4040	K	5	-	6.5000	126	814.00
4050	K	5	-	6.5000	126	814.00
4060	K	5	-	6.5000	126	814.00
4070	K	5	-	6.5000	126	814.00
4080	K	5	-	6.5000	126	814.00
4090	K	5	-	6.5000	126	814.00
5000	K	5	-	6.5000	126	814.00
5010	K	5	-	6.5000	126	814.00
2050	6	8	-	6.5000	126	814.00
2100	6	8	-	6.5000	126	814.00
2150	6	8	-	6.5000	126	814.00
2200	6	8	-	6.5000	126	814.00
1050	9	12	-	6.5000	126	814.00
1070	9	12	-	6.5000	126	814.00

2. ATTENDANCE HOURS

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
4010	K-5	402,951.4663	29.1667	-	-	36,112.5331	439,093.1661
4020	K-5	355,328.4666	256.2500	-	-	-	355,584.7166
4030	K-5	323,115.2171	8.5000	-	-	-	323,123.7171
4040	K-5	360,248.2995	-	-	-	-	360,248.2995
4050	K-5	326,725.9163	-	-	-	-	326,725.9163
4060	K-5	415,270.7508	809.9167	-	-	45,465.7663	461,546.4338
4070	K-5	287,357.8010	-	-	-	-	287,357.8010
4080	K-5	377,165.1322	-	-	-	57,358.8831	434,524.0153
4090	K-5	428,235.8325	-	-	-	56,920.6841	485,156.5166
5000	K-5	297,137.7502	-	-	-	-	297,137.7502
5010	K-5	286,174.3165	504.0000	-	-	11,700.0330	298,378.3495
2050	6-8	519,426.2358	638.9275	-	-	-	520,065.1633
2100	6-8	483,239.6972	1,533.2516	-	-	10,999.6665	495,772.6153
2150	6-8	632,491.0531	1,437.2034	-	-	30,027.0503	663,955.3068
2200	6-8	406,259.6231	533.3284	-	-	-	406,792.9515
1050	9-12	1,307,213.4697	6,648.4223	-	-	-	1,313,861.8920
1070	9-12	1,283,691.6353	4,498.9550	-	-	62,320.4165	1,350,511.0068
Total		<u>8,492,032.6632</u>	<u>16,897.9216</u>	<u>-</u>	<u>-</u>	<u>310,905.0329</u>	<u>8,819,835.6177</u>

FOX C-6 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
DISTRICT NO. 050-012
YEAR ENDED JUNE 30, 2020

3. SEPTEMBER MEMBERSHIP

School Code	Grade Level	Full-Time	Part-Time	Other	Total
1050	9-12	1,731.00	6.34	-	1,737.34
1070	9-12	1,696.00	5.39	-	1,701.39
2050	6-8	679.00	2.98	-	681.98
2100	6-8	627.00	3.10	-	630.10
2150	6-8	812.00	0.15	-	812.15
2200	6-8	536.00	-	-	536.00
4010	K-5	522.00	-	-	522.00
4020	K-5	462.00	3.60	-	465.60
4030	K-5	429.00	-	-	429.00
4040	K-5	461.00	-	-	461.00
4050	K-5	422.00	-	-	422.00
4060	K-5	552.00	0.44	-	552.44
4070	K-5	370.00	-	-	370.00
4080	K-5	485.00	-	-	485.00
4090	K-5	551.00	-	-	551.00
5000	K-5	386.00	-	-	386.00
5010	K-5	372.00	0.56	-	372.56
Total		<u>11,093.00</u>	<u>22.56</u>	<u>-</u>	<u>11,115.56</u>

4. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6), RSMO)

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
N/A Res II	2.00	-	-	-	2.00
1050	389.06	65.15	-	-	454.21
1070	262.01	80.00	-	-	342.01
2050	190.88	30.00	-	-	220.88
2100	184.88	37.00	-	-	221.88
2150	115.00	42.00	-	-	157.00
2200	138.00	31.00	-	-	169.00
4010	96.00	26.00	-	-	122.00
4020	172.00	20.00	-	-	192.00
4030	173.00	20.00	-	-	193.00
4040	131.00	33.00	-	-	164.00
4050	88.00	35.00	-	-	123.00
4060	233.00	34.00	-	-	267.00
4070	91.00	23.00	-	-	114.00
4080	110.00	30.00	-	-	140.00
4090	54.00	24.00	-	-	78.00
5000	99.00	31.00	-	-	130.00
5010	72.00	31.00	-	-	103.00
Total	<u>2,600.83</u>	<u>592.15</u>	<u>-</u>	<u>-</u>	<u>3,192.98</u>

FOX C-6 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
DISTRICT NO. 050-012
YEAR ENDED JUNE 30, 2020

5. FINANCE

5.1	The District maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.....	True
5.2	The District maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus.....	N/A
	Career Exploration Program – Off Campus.....	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program.....	True
	Duel enrollment.....	True
	Homebound instruction.....	True
	Missouri Options.....	True
	Prekindergarten eligible to be claimed for state aid.....	N/A
	Remediation.....	N/A
	Sheltered Workshop participation.....	N/A
	Students participating in the school flex program.....	True
	Traditional instruction (full and part-time students).....	True
	Virtual instruction (MOCAP or other option).....	True
	Work Experience for Students with Disabilities.....	True
5.3	The District maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.....	True

FOX C-6 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
DISTRICT NO. 050-012
YEAR ENDED JUNE 30, 2020

5. FINANCE (CONTINUED)

5.4	The District maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.....	<u>True</u>
5.5	As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of:.....	<u>\$250,000</u>
5.6	The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.....	<u>True</u>
5.7	The District maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo.....	<u>True</u>
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.....	<u>True</u>
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken.....	<u>True</u>
5.10	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>
5.11	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. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost.....	<u>True</u>
5.12	The amount spent for approved professional development committee plan activities was:.....	<u>\$404,575.07</u>

FOX C-6 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
DISTRICT NO. 050-012
YEAR ENDED JUNE 30, 2020

5. FINANCE (CONCLUDED)

5.13	The District has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the District or school website or other form of social media as required by Section 160.066, RSMo.....	True
------	--	------

6. TRANSPORTATION (SECTION 163.161, RSMO)

6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.....	True
6.2	The District's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.....	True
6.3	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:	True
	• Eligible ADT.....	7,011.5
	• Ineligible ADT.....	798.0
6.4	The District's 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
6.5	Actual odometer records show the total District-operated and contracted mileage for the year was:.....	941,373
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	True
	• Eligible Miles (including food/instructional delivery miles 2019-20).....	868,172
	• Ineligible Miles (Non-Route/Disapproved).....	73,171
6.7	Number of days the District operated the school transportation system during the regular school year:.....	131

FEDERAL COMPLIANCE SECTION



Daniel Jones & Associates

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Members of the Board of Education
Consolidated School District No. 6

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 remaining fund information of Consolidated School District No. 6 (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

December 4, 2020



Daniel Jones & Associates

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Members of the Board of Education
Consolidated School District No. 6

Report on Compliance for Each Major Federal Program

We have audited Consolidated School District No. 6's (District) 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 District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report On Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 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.

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

December 4, 2020

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. 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, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on 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 types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 - RELATIONSHIP TO ACCOMPANYING FINANCIAL STATEMENTS

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

<u>Federal Sources</u>	
General Fund	\$ 2,328,121.18
Special Revenue Fund	4,568,575.38
Capital Projects Fund	-
Total	<u>\$ 6,896,696.56</u>

NOTE 5 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with the modified cash basis of accounting.

NOTE 6 –MATCHING REVENUES

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

NOTE 7 – NON-CASH PROGRAMS

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

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

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

B. Federal Awards

1. Internal control over major federal programs:
 - a. Material weakness(es) identified? _____ Yes X No
 - b. Significant deficiency(ies) identified? _____ Yes X None Reported
2. Type of auditor's report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

4. Identification of major federal programs:

CFDA Number(s):

84.425

10.553, 10.555

Name of Federal Program or Cluster:

CARES Elementary & Secondary
Emergency Relief

Child Nutrition Cluster

5. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
6. Auditee qualified as low-risk auditee? _____ Yes X No

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

I. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the year ended June 30, 2020.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to federal awards as of June 30, 2020.

CONSOLIDATED SCHOOL DISTRICT NO. 6 (FOX C-6 SCHOOL DISTRICT)
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

I. FINANCIAL STATEMENT FINDINGS – PRIOR YEAR

There were no financial statement findings for the year ended June 30, 2019.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – PRIOR YEAR

There were no findings and questioned costs related to federal awards as of June 30, 2019.