

FOX C-6 SCHOOL DISTRICT
FINANCIAL STATEMENTS

June 30, 2016

FOX C-6 SCHOOL DISTRICT

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Independent Auditors' Report

Board of Education
Fox C-6 School District

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Fox C-6 School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in modified cash basis financial positions thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

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

The management's discussion and analysis on pages 7-16, supplementary information on pages 37-42, and schedule of selected statistics on pages 45-47, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The schedule of expenditures of federal awards on page 53 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing standards applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kerby, Eck & Brueckel LLP

St. Louis, Missouri
November 21, 2016

FOX C-6 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

The Management's Discussion and Analysis (MD&A) of Fox C-6 School District (the District) provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2016. The intent of the MD&A is to look at the District's financial performance as a whole. Readers should also review the financial statements found in the financial section and the notes thereto to enhance their understanding of the District's financial performance.

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

Description of the School District and Reporting Entity

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 162.

The District located in Jefferson County, Missouri serves an area of approximately 75 square miles. The District is staffed by 620 non-certificated employees, 843 certificated full-time teaching personnel, and 75 administrative employees who provide services to nearly 11,500 students and other community members. The District currently operates fifteen (15) elementary/middle schools (K-8) and two (2) high schools (9-12).

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2016, include the following:

- The governmental activities net position (modified cash basis) was \$24,531,854 as compared to \$27,042,613 the previous year. The governmental funds ending fund balances (modified cash basis) were \$21,306,496 as compared to \$22,421,587 the previous year.
- Program revenues collected made up 47% of the total revenues collected for the year ended June 30, 2016 as compared to 55% the previous year. These program revenues collected covered 46% of the program expenditures paid leaving 54% to be covered by general revenues collected and fund balances, as compared to 53% of the program expenditures paid leaving 47% to be covered by general revenues collected and fund balances the previous year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS – 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 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 financial information and render a government-wide perspective of the District's financial condition. They present an aggregate view of the District's finances. These statements seek to answer the question, "How did the District do financially during the 2015-16 fiscal 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 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 financial position and changes in financial position, fund financial information is presented in the "Fund Financial Statements". These fund financial statements, which should be familiar to those who have read previous governmental financial statements, report governmental fund activities on a modified cash basis, indicating modified cash basis sources and uses of funding.

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

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

Government-Wide Financial Analysis

Net position of the District at June 30, 2016, of \$24,531,854 reflects the District's total assets of cash and investments less payroll withholdings compared to net position at June 30, 2015, of \$27,042,613. Net position of the District consists of the following as of June 30,:

	<u>2016</u>	<u>2015</u>
Restricted	\$ 7,853,747	\$ 9,538,002
Unrestricted	<u>16,678,107</u>	<u>17,504,611</u>
	<u>\$ 24,531,854</u>	<u>\$ 27,042,613</u>

The restricted net position is restricted for payment of principal and interest on general obligation bonds and future payments of medical claims.

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MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

Governmental Activities

Net position at June 30, 2016, reflects a decrease of \$2,510,759 from the net position balance at June 30, 2015. Key elements of this decrease consist of the following:

CHANGES IN NET POSITION		
Years ended June 30,		
	2016	2015
Program revenues		
Charges for services	\$ 7,812,225	\$ 7,957,283
Operating grants and contributions	11,167,969	10,698,139
General revenues		
Taxes	51,035,637	49,433,732
Federal, state and county aid not restricted to specific purposes	3,198,621	3,021,080
State aid	49,054,197	46,265,264
Interest and investment earnings	474,138	437,279
Proceeds from certificates of participation	22,145,000	-
Other	400,283	410,903
Total revenues	145,288,070	118,223,680
Function/program expenses		
Instruction	73,007,401	72,832,889
Facilities acquisition and construction	9,316,954	337,159
Debt service		
Principal	21,770,222	4,153,455
Interest and other charges	2,530,563	2,612,526
Other	41,173,689	41,986,853
Total functional/program expenses	147,798,829	121,922,882
Change in net position	(2,510,759)	(3,699,202)
Net position at beginning of year	27,042,613	30,741,815
Net position at end of year	\$ 24,531,854	\$ 27,042,613

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MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

As reflected above, the expenses paid for the District's governmental activities for the years ended June 30, 2016 and 2015, of \$147,798,829 and \$121,922,882, respectively, are not all borne by the taxpayers of the District. Of these amounts \$7,812,225 and \$7,957,283 were paid by those who benefited from the services rendered (i.e., charges for school lunches) and \$11,167,969 and \$14,698,139 were paid through federal and state grants and contributions for the years ending June 30, 2016 and 2015, respectively.

Consequently, for the years ending June 30, 2016 and 2015, respectively, the net costs of \$128,818,635 and \$103,267,460, 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 primary reason for the large increase in expenditures is due to the refunding certificates of participation of approximately \$22 million that is included in the current year total governmental activities expenses.

The next table shows the total cost of programs and the net cost of these programs (after deducting charges for services and grants and contributions revenue collected for the various categories of expenses paid) for the years ended June 30, 2016 and 2015. The net cost presentation allows the taxpayers of the District to determine the remaining cost of the various categories which were borne by them or paid from other general revenues and fund balances, and allows them the opportunity to assess the cost of these functions in comparison to the benefits received.

COST OF GOVERNMENTAL ACTIVITIES
Years ended June 30,

	2016		2015	
	Total cost of programs	Net cost of programs	Total cost of programs	Net cost of programs
Instruction	\$ 73,007,401	\$ 65,333,407	\$ 72,832,889	\$ 65,447,411
Guidance/attendance	2,145,456	2,145,456	1,935,542	1,935,542
Health, psych, speech and audio	1,026,937	1,026,937	1,126,188	1,126,188
Improvement of instruction	323,456	323,456	177,453	177,453
Professional development	498,592	498,592	472,742	472,742
Media services	1,563,337	1,563,337	1,572,026	1,572,026
Board of education services	192,994	192,994	263,439	263,439
Executive administration	3,772,429	3,772,429	4,042,154	4,042,154
Building administration	7,541,940	7,541,940	7,428,141	7,428,141
Business central services	92,782	92,782	-	-
Operation of plant	8,986,266	8,986,266	8,847,537	8,847,537
security services	334,542	334,542	252,665	252,665
Pupil transportation	4,551,361	3,358,706	5,603,156	4,248,711
Food services	4,231,619	91,785	4,369,040	471,608
Student activities	4,420,698	394,094	4,485,034	407,714
Community services	1,491,280	(455,827)	1,411,736	(529,011)
Facilities acquisition and construction	9,316,954	9,316,954	337,159	337,159
Debt service				
Principal	21,770,222	21,770,222	4,153,455	4,153,455
Interest and other charges	2,530,563	2,530,563	2,612,526	2,612,526
Total	\$ 147,798,829	\$ 128,818,635	\$ 121,922,882	\$ 103,267,460

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MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

Governmental Funds Financial Analysis

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

The District completed the fiscal year ended June 30, 2016, with a combined fund balance for Governmental funds (Balance Sheet - modified cash basis) of \$21,306,496, as compared to a combined fund balance of \$22,421,587 at June 30, 2015, for a decrease of \$1,115,091.

The fund balance of the operating funds (General and Special Revenue) decreased by \$37,126 as compared to a decrease of \$60,993 the previous year. Transfers were made from the General Fund to the Capital Projects Fund during 2016 in the amount of \$3,342,799.

The fund balance of the Debt Service Fund increased by \$393,210 compared to a decrease of \$593,269 the previous year. The \$4,628,389 fund balance of the Debt Service Fund is legally restricted for payment of bond principal, interest and related fees.

The fund balance of the Capital Projects Fund decreased by \$1,471,175 compared to a decrease of \$586,324 the previous year.

The major source of revenue for operations and debt service is current local property taxes amounting to \$40,025,418. This is derived from the District's operating levy of \$4.3074 (blended rate) and the debt service levy of \$.3693 for a total levy of \$4.6767. Other significant local revenues are \$1,403,982 from delinquent local taxes, \$10,724,038 from sales tax, \$1,441,219 from food service, \$1,838,514 from community services and \$4,026,604 from student activities.

County revenues of \$3,045,194 are derived from state assessed utility property of \$2,900,577 and county fines of \$144,317.

State funding which makes up 44% of total revenues collected, increased from the previous year by \$2,937,475 to \$54,073,231. The State Foundation Formula for Basic State Aid was \$44,732,850, a decrease of \$1,532,414 from the previous year.

FOX C-6 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

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

	<u>2016</u>	<u>2015</u>
Basic formula and classroom trust	\$ 44,732,850	\$ 46,265,264
Transportation	1,192,655	1,354,445
Early childhood education	3,549,490	3,230,548
Other	<u>4,598,236</u>	<u>285,499</u>
Total state revenue	<u>\$ 54,073,231</u>	<u>\$ 51,135,756</u>

Federal funding which makes up 5% of total revenues collected decreased by \$758,293 from the previous year. Federal revenues collected are as follows for the year ended June 30,:

	<u>2016</u>	<u>2015</u>
Medicaid	\$ 153,427	\$ 272,908
Individuals with disabilities	2,005,548	2,128,229
Early childhood special education	326,362	1,180,448
School lunch and breakfast	2,264,285	2,064,969
Title I	1,313,880	1,190,876
Title II A	355,207	332,943
Other	<u>8,692</u>	<u>15,321</u>
Total federal revenue	<u>\$ 6,427,401</u>	<u>\$ 7,185,694</u>

Total governmental funds expenditures paid were \$131,130,241 for the year compared to \$119,454,231 the previous year. The General Fund accounts for \$37,151,051 or 29% of the total expenditures. The Special Revenue (Teachers) Fund accounts for \$74,396,998 or 57% of total expenditures and consists of salaries and certain benefits of certificated staff. Debt Service Fund expenditures of \$3,265,665 or 2% of total expenditures are for principal and interest on general obligation bonds. Capital Projects Fund expenditures of \$16,316,527 or 12% of total expenditures are for construction projects, capital leases, facility repairs and equipment.

FOX C-6 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

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

REVENUES				
Years ended June 30,				
	2016	%	2015	%
Local	\$ 59,571,614	48.4%	\$ 58,104,749	49.2%
County	3,045,194	2.5%	2,664,948	2.3%
State	54,073,231	43.9%	51,135,756	43.3%
Federal	6,427,401	5.2%	6,306,618	5.2%
Total revenues collected	<u>\$ 123,117,440</u>	<u>100.0%</u>	<u>\$118,212,071</u>	<u>100.0%</u>
EXPENDITURES				
Years ended June 30,				
	2016	%	2015	%
Instruction	\$ 76,476,302	58.3%	\$ 75,655,571	63.3%
Support services	34,828,253	26.6%	35,314,137	29.6%
Debt services	9,035,785	6.9%	6,765,981	5.7%
Facilities acquisition and construction	9,316,954	7.0%	337,159	0.3%
Community services and other	<u>1,472,947</u>	<u>1.2%</u>	<u>1,381,383</u>	<u>1.1%</u>
Total expenditures	<u>\$ 131,130,241</u>	<u>100.0%</u>	<u>\$119,454,231</u>	<u>100.0%</u>

Budgetary Highlights

Over the course of the year, the Board of Education revised the District's budget to take into consideration expected changes in revenues collected or expenditures paid. Missouri Statutes for Public School Finance, Section 67.010, RSMo requires a budget amendment if anticipated expenditures are in excess of budgetary goals. The original budget was adopted on June 30, 2015.

Statements comparing fund modified cash basis revenues and expenditures to the original and final budgets are provided in this report. General fund revenues were less than the original budget reflecting the less than anticipated local revenues and Federal revenues.

FOX C-6 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

Capital Assets and Debt Administration

Capital Assets

The District operates under the modified cash basis of accounting, therefore, capital asset purchases are recorded as expenditures and depreciation is not recognized. Capital assets are not reflected in the financial statements. Increase in facilities acquisition and construction were primarily due to expenditures related to certificates of participation issuances for the purchase of school buses and other vehicles.

Long-Term Obligations

At June 30, 2016, the District had outstanding general obligation bonds of \$37,235,000 after principal payments of \$1,780,000 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 is \$129,429,620 at June 30, 2016, based on the December 31, 2015 assessed values.

The District has capital leases with outstanding future principle lease payments of \$29,172,495 at June 30, 2016, after proceeds of \$22,145,000 from the Series 2015 certificates of participation were received and principal payments of \$17,750,550 were made during the year. The 2015 certificates of participation were issued to refund the 2006 capital lease agreement, refund a portion of the 2007 and 2008 lease agreements, and provide for the replacement of 60 buses within the student transportation fleet and non-bus vehicles.

The District holds energy loans with the Department of Natural Resources (DNR) with an outstanding balance of \$126,212. Principal payments were made during the year in the amount of \$25,171.

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

Economic Factors

The District adopted a balanced budget for the 2015-2016 fiscal year. Budget controls were enforced to attempt a balanced budget. State funding was slightly higher than previous years which assisted the District in meeting the budget objective. Since the District does not amend it originally adopted budget, actual expenditures could exceed budgeted expenditures.

District average daily attendance appears to be stagnant and therefore revenue sources are at a standstill. At this time no new sources of funding are expected. The method of the state foundation formula has been modified; therefore, future funding sources from the State are uncertain.

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MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

The 2016-2017 budget was passed as a deficit budget with an emphasis that the District will attempt to close the deficit as the 2016-2017 year progresses and cost controls are identified. This has been accomplished through consideration with appropriate building improvements. Attempting to work within budget restraints is necessary to avoid using fund balance unless absolutely necessary to maintain facilities and avoid detriment to student achievement.

Contacting the District's Financial Management

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

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STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2016

	<u>Governmental activities</u>
ASSETS	
Cash and investments	\$ 20,336,239
Restricted cash and investments	<u>7,853,747</u>
Total assets	<u><u>\$ 28,189,986</u></u>
LIABILITIES	
Payroll withholdings	\$ 3,658,132
NET POSITION	
Restricted for:	
Debt service	4,628,389
Future medical claims	3,225,358
Unrestricted	<u>16,678,107</u>
Total net position	<u><u>24,531,854</u></u>
Total liabilities and net position	<u><u>\$ 28,189,986</u></u>

See notes to financial statements.

FOX C-6 SCHOOL DISTRICT

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year ended June 30, 2016

Function/Program	Expenses	Program revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Total governmental activities
Governmental activities					
Instruction	\$ 73,007,401	\$ -	\$ 7,673,994	\$ -	\$ (65,333,407)
Attendance	77,481	-	-	-	(77,481)
Guidance	2,067,975	-	-	-	(2,067,975)
Health, psych, speech and audio	1,026,937	-	-	-	(1,026,937)
Improvement of instruction	323,456	-	-	-	(323,456)
Professional development	498,592	-	-	-	(498,592)
Media services	1,563,337	-	-	-	(1,563,337)
Board of education services	192,994	-	-	-	(192,994)
Executive administration	3,772,429	-	-	-	(3,772,429)
Building level administration	7,541,940	-	-	-	(7,541,940)
Business central service	92,782	-	-	-	(92,782)
Operation of plant	8,986,266	-	-	-	(8,986,266)
Security services	334,542	-	-	-	(334,542)
Pupil transportation	4,551,361	-	1,192,655	-	(3,358,706)
Food services	4,231,619	1,838,514	2,301,320	-	(91,785)
Central office support services	4,420,698	4,026,604	-	-	(394,094)
Community services	1,491,280	1,947,107	-	-	455,827
Facilities acquisition and construction	9,316,954	-	-	-	(9,316,954)
Debt service:					
Principle	21,770,222	-	-	-	(21,770,222)
Interest and other charges	2,530,563	-	-	-	(2,530,563)
Total governmental activities	\$ 147,798,829	\$ 7,812,225	\$ 11,167,969	\$ -	(128,818,635)
General revenues					
Taxes					
Property taxes, levied for general purposes					32,603,255
Property taxes, levied for debt service					3,220,723
Property taxes, levied for capital projects					4,487,621
Prop C - sales tax					10,724,038
State aid					49,054,197
Federal, state and county aid not restricted to specific purposes					3,198,621
Proceeds from certificates of participation					22,145,000
Interest and investment earnings					474,138
Miscellaneous					400,283
Total general revenues					126,307,876
Change in net position					(2,510,759)
Net position at July 1, 2015					27,042,613
Net position at June 30, 2016					\$ 24,531,854

See notes to financial statements.

FOX C-6 SCHOOL DISTRICT

BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

June 30, 2016

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and investments	\$ 16,141,164	\$ 3,139,234	\$ -	\$ 1,055,841	\$ 20,336,239
Restricted cash and investments	-	-	4,628,389	-	4,628,389
Total assets	<u>\$ 16,141,164</u>	<u>\$ 3,139,234</u>	<u>\$ 4,628,389</u>	<u>\$ 1,055,841</u>	<u>\$ 24,964,628</u>
LIABILITIES					
Payroll withholdings	\$ 518,898	\$ 3,139,234	\$ -	\$ -	\$ 3,658,132
FUND BALANCES					
Restricted for:					
Debt service	-	-	4,628,389	-	4,628,389
Assigned:					
Student activities	1,311,916	-	-	-	1,311,916
Capital projects	-	-	-	724,841	724,841
Next year's budget	2,122,843	-	-	331,000	2,453,843
Unassigned	12,187,507	-	-	-	12,187,507
Total fund balances	<u>15,622,266</u>	<u>-</u>	<u>4,628,389</u>	<u>1,055,841</u>	<u>21,306,496</u>
Total liabilities and fund balances	<u>\$ 16,141,164</u>	<u>\$ 3,139,234</u>	<u>\$ 4,628,389</u>	<u>\$ 1,055,841</u>	<u>\$ 24,964,628</u>

Reconciliation to Statement of Net Position

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

Fund balances of governmental funds	\$ 21,306,496
Internal service funds are used by the District to charge the cost of insurance activities to individual funds. The net position of the internal service fund is included in governmental activities in the Statement of Net Position.	<u>3,225,358</u>
Net position of governmental activities	<u>\$ 24,531,854</u>

See notes to financial statements.

FOX C-6 SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS Year ended June 30, 2016

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues					
Local sources	\$ 46,413,063	\$ 5,362,544	\$ 3,267,199	\$ 4,528,808	\$ 59,571,614
County sources	2,430,565	144,317	391,676	78,636	3,045,194
State sources	7,291,729	46,781,502	-	-	54,073,231
Federal sources	2,937,915	3,489,486	-	-	6,427,401
Total revenues	59,073,272	55,777,849	3,658,875	4,607,444	123,117,440
Expenditures					
Instruction	12,450,386	63,908,017	-	117,899	76,476,302
Attendance	76,528	-	-	-	76,528
Guidance	87,896	1,954,658	-	-	2,042,554
Health, psych speech and audio	1,014,313	-	-	-	1,014,313
Improvement of instruction	273,037	46,443	-	-	319,480
Professional development	219,973	272,490	-	-	492,463
Media services	90,639	1,453,480	-	-	1,544,119
Board of education services	190,622	-	-	-	190,622
Executive administration	2,052,940	764,956	-	908,159	3,726,055
Building level administration	1,528,586	5,920,645	-	-	7,449,231
Business central services	91,642	-	-	-	91,642
Operation of plant	8,780,205	-	-	95,596	8,875,801
Security services	267,279	-	-	63,150	330,429
Pupil transportation	4,483,399	-	-	12,013	4,495,412
Food service	4,146,968	-	-	32,636	4,179,604
Community services	1,396,638	76,309	-	-	1,472,947
Facilities acquisition and construction	-	-	-	9,316,954	9,316,954
Debt service:					
Principle	-	-	1,780,000	4,725,222	6,505,222
Interest and other charges	-	-	1,485,665	1,044,898	2,530,563
Total expenditures	37,151,051	74,396,998	3,265,665	16,316,527	131,130,241
Revenues over (under) expenditures	21,922,221	(18,619,149)	393,210	(11,709,083)	(8,012,801)
Other financing sources (uses)					
Transfers	(21,961,948)	18,619,149	-	3,342,799	-
Proceeds from sale of other property	-	-	-	10,000	10,000
Net insurance recovery	2,601	-	-	5,109	7,710
Proceeds from certificates of participation	-	-	-	22,145,000	22,145,000
Payments to refunded lease escrow agent	-	-	-	(15,265,000)	(15,265,000)
Total other financing sources (uses)	(21,959,347)	18,619,149	-	10,237,908	6,897,710
NET CHANGE IN FUND BALANCES	(37,126)	-	393,210	(1,471,175)	(1,115,091)
Fund balance at July 1, 2015	15,659,392	-	4,235,179	2,527,016	22,421,587
Fund balance at June 30, 2016	\$ 15,622,266	\$ -	\$ 4,628,389	\$ 1,055,841	\$ 21,306,496

Reconciliation to Statement of Activities

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

Net change in fund balances for governmental funds	\$ (1,115,091)
Internal service funds are used by the District to charge the cost of insurance	(1,395,668)
Change in net position of governmental activities	\$ (2,510,759)

See notes to financial statements.

FOX C-6 SCHOOL DISTRICT

STATEMENT OF NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUND

June 30, 2016

	Governmental Activities - Internal Service Fund
	<hr/>
ASSETS	
Restricted cash and investments	<u>\$ 3,225,358</u>
NET POSITION	
Restricted for:	
Future medical claims	<u>\$ 3,225,358</u>

See notes to financial statements.

FOX C-6 SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUND Year ended June 30, 2016

	Governmental Activities - Internal Service Fund
Revenues	
Insurance premiums	\$ 10,492,082
Interest income	7,921
Total revenues	<u>10,500,003</u>
Operating expenses	
Medical claims	10,182,168
Administration fees	1,713,503
Total operating expenses	<u>11,895,671</u>
CHANGE IN NET POSITION	(1,395,668)
Net position at July 1, 2015	<u>4,621,026</u>
Net position at June 30, 2016	<u><u>\$ 3,225,358</u></u>

See notes to financial statements.

FOX C-6 SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS

June 30, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 213,851</u>
NET POSITION	
Restricted for:	
Flex spending	<u>\$ 213,851</u>

See notes to financial statements.

FOX C-6 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Principles Determining the Scope of Reporting Entity

Generally accepted accounting principles require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in the applicable GASB statements have been considered and there are no other agencies or entities that should be presented with the District.

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

Basis of Presentation

Government-Wide Financial Statements

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

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

FOX C-6 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Fund Financial Statements

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

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

Governmental Funds

General Fund

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

Special Revenue Fund

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

Debt Service Fund

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

Capital Projects Fund

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

Proprietary Fund

Internal Service Fund

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

FOX C-6 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Fiduciary Fund

Agency Fund

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

Basis of Accounting

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

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

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

Cash and Investments

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

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

FOX C-6 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Restricted Assets

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

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

FOX C-6 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Net Position

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

Interfund Activity

Interfund transfers are reported as other financing sources (uses) in governmental funds. During the year the District transferred \$18,619,149 from the General Fund to the Special Revenue Fund. Transfers are made to the Special Revenue Fund in order to achieve a zero balance in this Fund. The District also transferred \$3,342,799 from the General Fund to the Capital Projects Fund. This transfer was to facilitate certain building improvements and purchases of equipment.

Teachers' Salaries

The salary payment schedule of the District for the year ended June 30, 2016 requires the payment of salaries over a twelve month period. Consequently, the July and August 2016 payroll checks are included in the accompanying financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

NOTE 2 – CASH AND INVESTMENTS

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

The District has investments managed by BOK Financial in conjunction with the Missouri Direct Deposit Program. These investments are restricted for payment of interest and retirement of general obligation bonds issued through the MOHEFA Bond Program. The District also participates in the Missouri Security Investment Program (MoSIP). All funds of these programs are invested in accordance with Section 165.051 of the Missouri Revised Statutes. Each school district owns a pro rata share of each investment or deposit which is held in the name of the Fund. The District had \$1,335,846 and \$138 invested through MOHEFA and MoSIP at June 30, 2016, respectively.

FOX C-6 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

The deposits and investments held at June 30, 2016 and reported at cost are as follows:

	Cost	Investment maturities	
		0 to 1 year	1 to 5 years
Deposits			
Cash on hand	\$ 300	N/A	N/A
Demand deposits	<u>26,328,495</u>	N/A	N/A
	26,328,795		
Investments			
Certificates of deposit	739,000	\$ 739,000	\$ -
Other	58	58	-
Investments - external investment pools			
Missouri Direct Deposit Program	1,335,846	1,335,846	-
Missouri Security Investment Program			
Money market funds	138	138	-
	<u>2,075,042</u>	<u>\$ 2,075,042</u>	<u>\$ -</u>
Total deposits and investments	<u>\$28,403,837</u>		
Governmental activities	\$28,189,986		
Agency fund	<u>213,851</u>		
	<u>\$28,403,837</u>		

Deposits

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

Custodial Credit Risk – Deposits

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

Custodial Credit Risk – Investments

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

FOX C-6 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Investment Interest Rate Risk

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

Credit Risk

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

The credit ratings of the District's investments at June 30, 2016 are summarized in the schedule below.

	<u>Cost</u>	<u>Rating</u>
Certificates of deposit	\$ 739,000	Unrated
Other	58	Unrated
Missouri Direct Deposit Program	1,335,846	Unrated
Missouri Security Investment Program		
Money market funds	<u>138</u>	AAAm
	<u><u>\$ 2,075,042</u></u>	

Concentration of Investment Credit Risk

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

FOX C-6 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 – TAXES

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

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

The assessed valuation of the tangible taxable property (excluding state assessed railroad and utilities) for the calendar year 2015 for the purposes of local taxation was:

Real estate	
Residential	\$ 554,669,883
Agricultural	640,532
Commercial	132,505,678
Personal property	<u>175,048,038</u>
Total	<u><u>\$ 862,864,131</u></u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the fiscal year 2016 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.8074	\$ 3.8074
Special Revenue Fund	0.0000	0.0000
Debt Service Fund	0.3693	0.3693
Capital Projects Fund	<u>0.5000</u>	<u>0.5000</u>
Total	<u><u>\$ 4.6767</u></u>	<u><u>\$ 4.6767</u></u>

The receipts of current property taxes during the fiscal year ended June 30, 2016, aggregated approximately 94 percent of the current assessment computed on the basis of the levy as shown above.

FOX C-6 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts due within one year
Bonds payable	\$ 39,015,000	\$ -	\$ (1,780,000)	\$ 37,235,000	\$ 1,915,000
DNR energy loans	151,383	-	(25,171)	126,212	15,560
Obligation under capital leases	24,778,045	22,145,000	(17,750,550)	29,172,495	2,543,636
	<u>\$ 63,944,428</u>	<u>\$ 22,145,000</u>	<u>\$ (19,555,721)</u>	<u>\$ 66,533,707</u>	<u>\$ 4,474,196</u>

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

Bonds payable consists of the following at June 30, 2016,:

	Original issue amount	Maturity date	Interest rates	Balance at June 30, 2016
Series 2006	\$ 6,250,000	2022	4%	\$ 6,250,000
Series 2008	8,410,000	2017	3% - 3.25%	1,340,000
Series 2010	8,650,000	2020	2% - 2.5%	6,975,000
Series 2012	9,750,000	2032	5%	9,750,000
Series 2013A	4,820,000	2032	2%	4,170,000
Series 2013B	8,750,000	2033	4% - 5%	8,750,000
	<u>\$ 46,630,000</u>			<u>\$ 37,235,000</u>

FOX C-6 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

The annual requirements to amortize general obligation bonds are as follows at June 30, 2016:

Year ending June 30,	Principal	Interest	Total
2017	\$ 1,915,000	\$ 1,419,575	\$ 3,334,575
2018	2,225,000	1,358,713	3,583,713
2019	2,400,000	1,308,650	3,708,650
2020	2,500,000	1,255,275	3,755,275
2021	2,975,000	1,193,900	4,168,900
2022 - 2026	8,595,000	4,607,150	13,202,150
2027 - 2031	12,325,000	2,944,750	15,269,750
2032 - 2033	4,300,000	280,000	4,580,000
Total	<u>\$ 37,235,000</u>	<u>\$14,368,013</u>	<u>\$ 51,603,013</u>

Capital Lease

The District has separate lease agreements funded by lease participation certificates. The proceeds in prior years were used to acquire a new school building, fund certain building improvements and purchase equipment. On July 14, 2015, the District issued \$22,145,000 in Series 2015 certificates of participation. The proceeds were used to acquire new school buses and other vehicles, redeem the remaining Series 2006 certificates of participation of \$2,250,000 and advance refund and defease \$6,005,000 of Series 2007 and \$6,860,000 of Series 2008 certificates of participation. A deposit of \$15,265,000 was placed in an irrevocable trust fund to purchase government obligations. The initial debt and interest to be earned on the government obligations was an amount sufficient for the payment of principle and interest to be earned on the call dates on March 1, 2016, March 1, 2017 and March 1, 2018, respectively, for the refunded lease participation certificates. The refunding was undertaken to reduce total debt service payments by \$817,485 which resulted in an economic gain of \$445,504 (the difference between the present value of the debt service payments on the Series 2006, Series 2007 and Series 2008 lease participation certificates and the refunding issue after the refunding date through the call dates noted above). As of June 30, 2016, the total debt outstanding that is considered to be defeased is \$12,865,000.

FOX C-6 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

The following is a summary of the future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of June 30, 2016:

Year ending June 30,	
2017	\$ 3,677,254
2018	4,660,528
2019	3,584,139
2020	3,491,266
2021	3,029,491
2022 - 2026	13,157,726
2027 - 2028	<u>4,418,944</u>
Total future minimum lease payments	36,019,348
Less amount representing interest	<u>(6,846,853)</u>
Present value of future minimum lease payments	<u><u>\$29,172,495</u></u>

Legal Debt Margin

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a District to fifteen (15%) percent of the assessed valuation of the District (including state-assessed railroad and utilities). The legal debt margin, computed excluding the assessed valuation of State assessed railroad and utilities, of the District at June 30, 2016, was:

Constitutional debt limit	\$ 129,429,620
General obligation bonds payable	(37,235,000)
Amount available in Debt Service Fund	<u>4,628,389</u>
Legal debt margin	<u><u>\$ 96,823,009</u></u>

NOTE 5 – PENSION PLANS

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

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

FOX C-6 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

PSRS members are required to contribute 14.5% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the year ending June 30, 2016, 2015 and 2014 were \$9,343,737, \$7,983,363 and \$9,456,328, respectively, equal to the required contributions.

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

PEERS members are required to contribute 6.86% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the Board of Trustees. The District's contributions to PEERS for the year ending June 30, 2016, 2015 and 2014 were \$1,087,864, \$1,111,465 and \$1,239,224, respectively, equal to the required contributions.

NOTE 6 – CONTINGENCIES

Grant Audits

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

Litigation

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

FOX C-6 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – DEFERRED COMPENSATION PLAN

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

NOTE 8 – SELF-INSURED AND POST EMPLOYMENT BENEFITS

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

The District permits its retirees to participate in the medical insurance programs offered to current employees, including the District's self-insurance program. Retirees pay 100% of the insurance premiums or applicable contributory amounts in the case of the self-insurance program. The amount of medical benefits paid through the self-insurance program during 2016 for retirees, in excess of their contributions, is not readily determinable.

NOTE 9 – ACTUAL EXPENDITURES IN EXCESS OF BUDGET

For the year ended June 30, 2016, the District's actual expenditures were in excess of its budgeted expenditures in the General Fund by \$997,316, the Special Revenue Fund by \$1,646,703 and the Capital Projects Fund by \$332,404.

FOX C-6 SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS - BUDGET TO ACTUAL - GENERAL FUND - UNAUDITED Year ended June 30, 2016

	Budgeted amounts		Actual	Variances - over (under)
	Original	Final		Final to actual
Revenues				
Local sources	\$ 46,942,019	\$ 46,942,019	\$ 46,413,063	\$ (528,956)
County sources	2,100,000	2,100,000	2,430,565	330,565
State sources	7,124,095	7,124,095	7,291,729	167,634
Federal sources	3,010,461	3,010,461	2,937,915	(72,546)
Total revenues	59,176,575	59,176,575	59,073,272	(103,303)
Expenditures				
Current:				
Instruction	12,394,721	12,394,721	12,450,386	(55,665)
Attendance	58,931	58,931	76,528	(17,597)
Guidance	-	-	87,896	(87,896)
Health, psych, speech and audio	1,298,906	1,298,906	1,014,313	284,593
Improvement of instruction	286,000	286,000	273,037	12,963
Professional development	283,273	283,273	219,973	63,300
Media services	116,669	116,669	90,639	26,030
Board of education services	183,500	183,500	190,622	(7,122)
Executive administration	2,186,786	2,186,786	2,052,940	133,846
Building level administration	1,583,854	1,583,854	1,528,586	55,268
Business central services	-	-	91,642	(91,642)
Operation of plant	8,308,374	8,308,374	8,780,205	(471,831)
Security services	205,010	205,010	267,279	(62,269)
Pupil transportation	4,160,791	4,160,791	4,483,399	(322,608)
Food service	3,584,680	3,584,680	4,146,968	(562,288)
Community services	1,502,240	1,502,240	1,396,638	105,602
Total expenditures	36,153,735	36,153,735	37,151,051	(997,316)
Excess of revenues over (under) expenditures	23,022,840	23,022,840	21,922,221	(1,100,619)
Other financing sources (uses)				
Transfers	(23,022,587)	(23,022,587)	(21,961,948)	1,060,639
Net insurance recovery	-	-	2,601	2,601
	(23,022,587)	(23,022,587)	(21,959,347)	1,063,240
NET CHANGE IN FUND BALANCE	\$ 253	\$ 253	(37,126)	\$ (37,379)
Fund balance at July 1, 2015			15,659,392	
Fund balance at June 30, 2016			<u>\$ 15,622,266</u>	

See notes to supplementary information.

FOX C-6 SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS - BUDGET TO ACTUAL - SPECIAL REVENUE FUND - UNAUDITED Year ended June 30, 2016

	Budgeted amounts		Actual	Variances - over (under)
	Original	Final		Final to actual
Revenues				
Local sources	\$ 5,229,190	\$ 5,229,190	\$ 5,362,544	\$ 133,354
County sources	200,000	200,000	144,317	(55,683)
State sources	44,930,768	44,930,768	46,781,502	1,850,734
Federal sources	3,367,751	3,367,751	3,489,486	121,735
Total revenues	53,727,709	53,727,709	55,777,849	2,050,140
Expenditures				
Current:				
Instruction	62,577,877	62,577,877	63,908,017	(1,330,140)
Guidance	1,750,783	1,750,783	1,954,658	(203,875)
Health, psych speech and audio	116,336	116,336	-	116,336
Improvement of instruction	-	-	46,443	(46,443)
Professional development	110,905	110,905	272,490	(161,585)
Media services	1,435,044	1,435,044	1,453,480	(18,436)
Executive administration	758,802	758,802	764,956	(6,154)
Building level administration	5,948,000	5,948,000	5,920,645	27,355
Community services	52,548	52,548	76,309	(23,761)
Total expenditures	72,750,295	72,750,295	74,396,998	(1,646,703)
Revenues over (under) expenditures	(19,022,586)	(19,022,586)	(18,619,149)	403,437
Other financing sources				
Transfers	19,022,586	19,022,586	18,619,149	(403,437)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	\$ -
Fund balance at July 1, 2015			-	
Fund balance at June 30, 2016			\$ -	

See notes to supplementary information.

FOX C-6 SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS - BUDGET TO ACTUAL - DEBT SERVICE FUND - UNAUDITED Year ended June 30, 2016

	Budgeted amounts			Variances - over (under)
	Original	Final	Actual	Final to actual
Revenues				
Local sources	\$ 2,773,750	\$ 2,773,750	\$ 3,267,199	\$ 493,449
County sources	170,000	170,000	391,676	221,676
Total revenues	2,943,750	2,943,750	3,658,875	715,125
Expenditures				
Debt service:				
Principal	1,780,000	1,780,000	1,780,000	-
Interest and other charges	1,490,091	1,490,091	1,485,665	4,426
Total expenditures	3,270,091	3,270,091	3,265,665	4,426
NET CHANGE IN FUND BALANCE	\$ (326,341)	\$ (326,341)	393,210	\$ 719,551
Fund balance at July 1, 2015			4,235,179	
Fund balance at June 30, 2016			\$ 4,628,389	

See notes to supplementary information.

FOX C-6 SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS - BUDGET TO ACTUAL - CAPITAL PROJECTS FUND - UNAUDITED Year ended June 30, 2016

	Budgeted amounts		Actual	Variances - over (under)
	Original	Final		Final to actual
Revenues				
Local sources	\$ 3,699,326	\$ 3,699,326	\$ 4,528,808	\$ 829,482
County sources	215,000	215,000	78,636	(136,364)
Total revenues	3,914,326	3,914,326	4,607,444	693,118
Expenditures				
Instruction	-	-	117,899	(117,899)
Executive administration	1,000,000	1,000,000	908,159	91,841
Operation of plant	-	-	95,596	(95,596)
Security services	-	-	63,150	(63,150)
Pupil transportation	40,000	40,000	12,013	27,987
Food service	100,000	100,000	32,636	67,364
Facilities acquisition and construction	4,430,000	4,430,000	2,436,954	1,993,046
Debt service:				
Principle	2,537,576	2,537,576	4,725,222	(2,187,646)
Interest and other charges	996,547	996,547	1,044,898	(48,351)
Total expenditures	9,104,123	9,104,123	9,436,527	(332,404)
Revenues over (under) expenditures	(5,189,797)	(5,189,797)	(4,829,083)	360,714
Other financing sources (uses)				
Transfers	4,000,000	4,000,000	3,342,799	(657,201)
Proceeds from sale of other property	-	-	10,000	10,000
Net insurance recovery	-	-	5,109	5,109
Proceeds from certificates of participation	-	-	15,265,000	15,265,000
Payments to refunded lease escrow agent	-	-	(15,265,000)	(15,265,000)
Total other financing sources	4,000,000	4,000,000	3,357,908	(642,092)
NET CHANGE IN FUND BALANCE	\$ (1,189,797)	\$ (1,189,797)	(1,471,175)	\$ (281,378)
Fund balance at July 1, 2015			2,527,016	
Fund balance at June 30, 2016			\$ 1,055,841	

See notes to supplementary information.

FOX C-6 SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS - BUDGET TO ACTUAL - ALL GOVERNMENTAL FUNDS - UNAUDITED Year ended June 30, 2016

	Budgeted amounts			Variances - over (under)
	Original	Final	Actual	Final to actual
Revenues				
Local sources	\$ 58,644,285	\$ 58,644,285	\$ 59,571,614	\$ 927,329
County sources	2,685,000	2,685,000	3,045,194	360,194
State sources	52,054,863	52,054,863	54,073,231	2,018,368
Federal sources	6,378,212	6,378,212	6,427,401	49,189
Total revenues	119,762,360	119,762,360	123,117,440	3,355,080
Expenditures				
Instruction	74,972,598	74,972,598	76,476,302	(1,503,704)
Attendance	58,931	58,931	76,528	(17,597)
Guidance	1,750,783	1,750,783	2,042,554	(291,771)
Health, psych, speech and audio	1,415,242	1,415,242	1,014,313	400,929
Improvement of instruction	286,000	286,000	319,480	(33,480)
Professional development	394,178	394,178	492,463	(98,285)
Media services	1,551,713	1,551,713	1,544,119	7,594
Board of education services	183,500	183,500	190,622	(7,122)
Executive administration	3,945,588	3,945,588	3,726,055	219,533
Building level administration	7,531,854	7,531,854	7,449,231	82,623
Business central services	-	-	91,642	(91,642)
Operation of plant	8,308,374	8,308,374	8,875,801	(567,427)
Security services	205,010	205,010	330,429	(125,419)
Pupil transportation	4,200,791	4,200,791	4,495,412	(294,621)
Food service	3,684,680	3,684,680	4,179,604	(494,924)
Community services	1,554,788	1,554,788	1,472,947	81,841
Facilities acquisition and construction	4,430,000	4,430,000	2,436,954	1,993,046
Debt service:				
Principal	4,317,576	4,317,576	6,505,222	(2,187,646)
Interest and other charges	2,486,638	2,486,638	2,530,563	(43,925)
Total expenditures	121,278,244	121,278,244	124,250,241	(2,971,997)
Revenues over (under) expenditures	(1,515,884)	(1,515,884)	(1,132,801)	383,083
Other financing sources (uses)				
Proceeds from sale of other property	-	-	10,000	10,000
Net insurance recovery	-	-	7,710	7,710
Proceeds from certificates of participation	-	-	15,265,000	15,265,000
Payments to refunded lease escrow agent	-	-	(15,265,000)	(15,265,000)
Total financing sources	-	-	17,710	17,710
NET CHANGE IN FUND BALANCE	\$ (1,515,884)	\$ (1,515,884)	(1,115,091)	\$ 400,793
Fund balance at July 1, 2015			22,421,587	
Fund balance at June 30, 2016			\$ 21,306,496	

See notes to supplementary information.

FOX C-6 SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

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

**Independent Accountants' Report on Management's Assertions
About Compliance with Specified Requirements of
Missouri Laws and Regulations**

Board of Education
Fox C-6 School District

Report on Compliance with State Requirements

We have examined management's assertions that the Fox C-6 School District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures, accurate disclosure by the Fox C-6 School District's records of average daily attendance and average daily transportation of pupils and other statutory requirements as listed in the schedule of selected statistics for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for the Fox C-6 School District's compliance with the aforementioned requirements.

Accountants' Responsibility

Our responsibility is to express an opinion on management's assertions about the District's compliance based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence about the Fox C-6 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our opinion does not provide a legal determination on the Fox C-6 School 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, 2016, are fairly stated in all material respects. However, we noted instances of noncompliance in which the District's actual expenditures exceeded those budgeted in the general fund, special revenue fund and capital projects fund.

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.

Kerher, Eck & Brueckel LLP

St. Louis, Missouri
November 21, 2016

FOX C-6 SCHOOL DISTRICT

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

Type of audit performed: Yellow Book: X Single Audit: X

1. Calendar (Sections 160.041 and 171.031, RSMo)

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

	<u>Hours</u>	<u>Days</u>
Kindergarten - Full Day	1,104.00	171
Grades 1 through 5	1,104.00	171
Grades 6 through 8	1,104.00	171
Grades 9 through 12	1,104.00	171

2. Average Daily Attendance (ADA)

	<u>Full-Time & Part-Time</u>	<u>Remedial</u>	<u>Total</u>
Regular term			
Grades K through 5	4,987.312	-	4,987.312
Grades 6 through 8	2,437.158	-	2,437.158
Grades 9 through 12	3,269.040	-	3,269.040
Subtotal regular term	<u>10,693.510</u>	<u>-</u>	<u>10,693.510</u>
Summer School subtotal	<u>446.115</u>	<u>-</u>	<u>446.115</u>
Total regular term plus summer school ADA			<u>11,139.625</u>

3. September Membership

	<u>Full-Time & Part-Time</u>
September resident membership	<u>11,398.50</u>

FOX C-6 SCHOOL DISTRICT

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

4. Free and Reduced Priced Lunch FTE Count

State FTE Total	Full-Time & Part-Time
Free	3,093.00
Reduced	<u>613.00</u>
Total	<u><u>3,706.00</u></u>

5. Finance

- A. As required by Section 162.401, RSMo, a bond was purchased for the schools' treasurer in the total amount of: \$250,000
- B. The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. True
- C. The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. True
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. True
- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected date for the projects to be undertaken. True
- F. The district published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. True
- G. The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. True
- H. The amount spent for approved professional development committee plan activities was: \$492,463

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

Findings #: N/A

Management Letter Comment #: N/A

FOX C-6 SCHOOL DISTRICT

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

6. Transportation

- A. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. True
- B. The District's transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported. True
- C. Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:
- | | |
|------------------|-----------------|
| ▪ Eligible ADT | <u>7,335.00</u> |
| ▪ Ineligible ADT | <u>919.50</u> |
- D. The schools' transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year. True
- E. Actual odometer records show the total district-operated and contracted mileage for the year was: 1,291,711
- Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:
- | | |
|--|------------------|
| ▪ Eligible Miles | <u>1,137,196</u> |
| ▪ Ineligible Miles (Non-Route/Disapproved) | <u>154,515</u> |
- F. Number of days the schools operated the school transportation system during the regular school year: 171

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

Findings #: N/A

Management Letter Comment #: N/A

FOX C-6 SCHOOL DISTRICT

SCHEDULE OF STATE FINDINGS

Finding 16-01

Condition:

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

Criteria:

Section 67.040, RSMo, provides that no disbursement of public monies shall be made unless it is authorized in the budget.

Cause:

The District does not have internal controls to ensure the budget is amended prior to the actual expenditures being made that would exceed the previously approved budget.

Effect:

The District's actual expenditures exceeded budget in the general fund, special revenue fund and the capital projects fund.

Recommendation:

We recommend the District establish necessary controls to ensure budget amendments are made prior to actual expenditures for a given fund exceeding the officially approved budget for that fund.

Management's Response:

Management is committed to compliance with established policy and procedures and has implemented additional procedures that are responsive to the auditors' recommendation.



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

Board of Education
Fox C-6 School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fox C-6 School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Fox C-6 School District's basic financial statements, and have issued our report thereon dated November 21, 2016. Our report on the basic financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith, Eck & Braeckel

St. Louis, Missouri
November 21, 2016

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

Board of Education
Fox C-6 School District

Report on Compliance for Each Major Federal Program

We have audited the Fox C-6 School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Fox C-6 School District's major federal programs for the year ended June 30, 2016. The Fox C-6 School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Fox C-6 School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of 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.

Kelley Eck #1 Brackel LP

St. Louis, Missouri
November 21, 2016

FOX C-6 SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Expenditures</u>
U.S. Department of Education			
Passed-through Missouri Department of Elementary and Secondary Education:			
Special Education - Grants to States	84.027	050-012	\$ 2,395,776
Special Education - Preschool Grant	84.173	050-012	82,191
Total Special Education Cluster			<u>2,477,967</u>
Title I - Grants to Local Educational Agencies	84.010	050-012	1,349,191
Title II - Improving Teacher Quality State Grants	84.367	050-012	369,078
Title III - English Language Acquisition Grants	84.365	050-012	13,091
Passed-through Missouri Department of Elementary and Secondary Education:			
Career and Technical Education - Basic Grants to State	84.048	050-012	200
Passed-through Jefferson Community College			
Career and Technical Education - Basic Grants to State	84.048	050-012	6,823
			<u>7,023</u>
Total U.S. Department of Education			<u>4,216,350</u>
U.S. Department of Agriculture			
Passed-through Missouri Department of Elementary and Secondary Education:			
National School Breakfast Program	10.553	050-012	1,739,244
National School Lunch Program	10.555	050-012	
Cash assistance			525,040
Non-cash assistance (food distribution)			228,582
Total National School Lunch Program			<u>753,622</u>
Total Child Nutrition Cluster			<u>2,492,866</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,709,216</u>

The accompanying notes are an integral part of this schedule.

FOX C-6 SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Fox C-6 School District (the District) under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District and is reported on the modified cash basis of accounting, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 3 – SUBRECIPIENTS

There have been no awards passed through to subrecipients.

FOX C-6 SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report issued on financial statements: Unmodified opinion

Internal control over financial reporting:

Material weaknesses identified? No

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

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified? No

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

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

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

The programs tested as a major program are as follows:

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

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

Auditee qualified as a low-risk auditee? No

FOX C-6 SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION II – FINANCIAL STATEMENT FINDINGS

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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