

**FOX C-6 SCHOOL DISTRICT**  
**JEFFERSON COUNTY, MISSOURI**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

# FOX C-6 SCHOOL DISTRICT

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## **FINANCIAL SECTION**



# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the 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 the remaining fund information of Fox C-6 School District ("District"), Missouri, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund and the remaining fund information of the District as of June 30, 2015, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note I.

## ***Basis of Accounting***

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

## ***Other Matters***

### ***Report on Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Management's Discussion and Analysis, Budgetary Comparison Schedules and Schedule of Expenditures of Federal Awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedules presented on pages 46 through 50 and the Schedule of Expenditures of Federal Awards presented on page 63 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Daniel Jones & Associates*

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

December 4, 2015

FOX C-6 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

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Fox C-6 School District  
745 JEFFCO BLVD.  
ARNOLD, MO 63010  
636-296-8000 636-282-5170 (FAX)

The Management's Discussion and Analysis (MD&A) of the Fox C-6 School District ("District") provides an overview and analysis of the District's modified cash basis financial activities for the fiscal year ended June 30, 2015. The intent of the MD&A is to look at the District's modified cash basis financial performance as a whole. Readers should also review the modified cash basis financial statements found in the Financial Section starting on page 12 and the notes thereto to enhance their understanding of the District's modified cash basis financial performance.

The financial statements of the District have been prepared on the modified cash basis of accounting, as applied to local governmental units, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Differences in the modified cash basis of accounting and accounting principles generally accepted in the United States of America arise in the recognition of revenue when received, rather than when earned, and the presentation of expenditures/expenses when paid versus when incurred. Additional information of the District's modified cash basis of accounting can be found in Note I on Page 22.

The MD&A is voluntarily provided additional information provided by the District which is specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in 1999. Certain comparative information between the current year, 2014-2015 (FY15), and the prior year, FY14, is required to be presented in the MD&A.

### **Financial Highlights**

Key financial highlights for the fiscal year ended June 30, 2015, include the following:

The governmental activities net position (modified cash basis) were \$27,042,612.64 as compared to \$30,741,815.87 the previous year. The governmental funds ending fund balances (modified cash basis) were \$22,421,586.83 as compared to \$23,662,172.63 the previous year.

Program revenues collected made up 54.9% of the total revenues collected for the year ended June 30, 2015 as compared to 55.3% the previous year. These program revenues collected covered 53.2% of the program expenditures paid leaving 46.8%, to be covered by general revenues collected and fund balances, as compared to 49.0% of the program expenditures paid leaving 51.0%, to be covered by general revenues collected and fund balances the previous year.



FOX C-6 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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### **Using the Basic Financial Statements**

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

The government-wide financial statements, consisting of the Statement of Net Position (modified cash basis) and the Statement of Activities (modified cash basis) (see pages 12 and 13), provide highly consolidated modified cash basis financial information and render a government-wide perspective of the District's modified cash basis financial condition. They present an aggregate view of the District's modified cash basis finances. These statements seek to answer the question, "How did the District do financially during the 2014-2015 fiscal year?" In short, is the District better financially this year, or is it worse than the prior year? These statements include all cash and investments using the modified cash basis of accounting.

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

To provide more in depth reporting of the District's modified cash basis financial position and changes in cash basis financial position, fund financial information is presented in the "Fund Financial Statements" section beginning on page 14. These fund financial statements, which should be familiar to those who have read previous governmental financial statements, report governmental activities on a current cash basis, indicating modified cash basis sources and uses of funding.

Fund financial statements also provide more in-depth data on the District's most significant funds, its General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund. These funds are considered "major funds" under GASB Statement No. 34. The relationship between governmental activities reported in the government-wide financial statements and the governmental funds reported in the fund financial statements is reconciled in the financial statements on pages 16 and 17.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is presented on a modified cash basis which is consistent with the other funds of the District.

FOX C-6 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**Government – Wide Financial Analysis**

Net position of the District at June 30, 2015, of \$27,042,612.64 reflect the District's total assets of cash and investments net of payroll liabilities as compared to June 30, 2014, of \$30,741,815.87. Net position of the District consist of the following:

<b>Net Position</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Restricted	\$ 9,538,001.61	\$ 12,771,828.86
Unrestricted	17,504,611.03	17,969,987.01
<b>Total Net Position</b>	<b>\$ 27,042,612.64</b>	<b>\$ 30,741,815.87</b>

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

**Governmental Activities**

A net position of \$27,042,612.64 as of June 30, 2015, reflects a decrease of \$3,699,203.23 from the net position balance of \$30,741,815.87 at June 30, 2014. Key elements of this decrease consist of the following:

	<b>June 30, 2015</b>	<b>June 30, 2014</b>
<b>Revenues Collected</b>		
Program Revenues Collected		
Charges for Services	\$ 7,957,283.06	\$ 8,032,531.40
Operating Grants and Contributions	56,963,402.72	56,525,255.11
Capital Grants and Contributions	-	769,923.80
General Revenues Collected		
Taxes	49,433,731.74	49,002,275.33
Federal State and County Aid Not		
Restricted to Specific Purposes	3,021,079.67	3,023,828.37
Interest and Investment Earnings	437,278.51	471,576.51
Premium on Bond Issuance	-	-
Miscellaneous	410,902.52	270,433.41
Sale of Bonds	-	-
Refunding of Bonds	-	3,000.00
<b>Total Revenues Collected</b>	<b>118,223,678.22</b>	<b>118,098,823.93</b>
<b>Expenses Paid</b>		
Instruction	72,832,889.06	74,459,515.35
Other	41,986,852.52	43,856,613.22
Capital Outlay	337,158.81	7,908,041.77
Debt Service:		
Principal Retirement	4,153,454.66	4,248,339.62
Interest and Fiscal Charges	2,612,526.40	2,901,382.34
<b>Total Expenses Paid</b>	<b>121,922,881.45</b>	<b>133,373,892.30</b>
Changes in Net Position	(3,699,203.23)	(15,275,068.37)
Net Assets July 1, 2014 and 2013	30,741,815.87	46,016,884.24
<b>Net Assets June 30, 2015 and 2014</b>	<b>\$ 27,042,612.64</b>	<b>\$ 30,741,815.87</b>

FOX C-6 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**Governmental Activities (concluded)**

As reflected above, the expenses paid of the District's governmental activities for the years ended June 30, 2015, and 2014, of \$121,922,881.45 and \$133,373,892.30, respectively, are not all borne by the taxpayers of the District. Of these amounts, \$7,957,283.06 and \$8,032,531.40 were paid by those who benefited from the services rendered (e.g., charges for school lunches) and \$56,963,402.72 and \$56,525,255.11 were paid through federal and state operating grants and contributions. For the year ended June 30, 2015, no portion of revenue was used to fund capital expenditures.

Consequently, the net costs of \$57,002,195.67 and \$68,046,181.99, after taking into consideration these fees and grants, were paid from other general revenues, which include property taxes paid by the taxpayers of the District as well as other taxes, additional state funding and fund balances.

The next table shows the total cost of programs and the net cost of these programs (after deducting charges for services and grants and contributions revenue collected of the various categories of expenses paid for the years ended June 30, 2015, and 2014. 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.

	<b>June 30, 2015</b>		<b>June 30, 2014</b>	
	<b>Total Cost of Programs</b>	<b>Net Cost of Programs</b>	<b>Total Cost of Programs</b>	<b>Net Cost of Programs</b>
Instruction	\$ 72,832,889.06	\$ 19,182,147.06	\$ 74,459,517.74	\$ 21,213,182.42
Attendance	57,768.79	57,768.79	59,933.13	59,933.13
Guidance	1,877,773.45	1,877,773.45	1,894,943.81	1,894,943.81
Health, Psych, Speech and Audio	1,126,187.83	1,126,187.83	1,498,876.32	1,498,876.32
Improvement of Instruction	177,452.65	177,452.65	387,974.83	387,974.83
Professional Development	472,741.70	472,741.70	427,475.78	427,475.78
Media Services (Library)	1,572,026.12	1,572,026.12	1,497,947.58	1,497,947.58
Board of Education Services	263,438.71	263,438.71	155,776.02	155,776.02
Executive Administration	4,042,153.70	4,042,153.70	4,015,490.56	4,015,490.56
Building Administration	7,428,141.22	7,428,141.22	8,225,884.63	8,225,884.63
Business Central Service	-	-	-	-
Operation of Plant	8,847,537.02	8,847,537.02	9,835,050.14	9,835,050.14
Security Services	252,664.90	252,664.90	286,313.79	286,313.79
Pupil Transportation	5,603,156.41	4,248,711.41	5,177,917.82	4,003,590.82
Food Services	4,369,039.56	471,608.03	4,377,235.41	287,846.79
Student Activities	4,485,034.49	407,714.47	4,533,530.57	334,959.21
Community Services	1,411,735.97	(529,011.26)	1,482,260.46	(366,903.75)
Capital Outlay	337,158.81	337,158.81	7,908,041.77	7,138,117.97
Debt Service:				
Principal Retirement	4,153,454.66	4,153,454.66	4,248,339.62	4,248,339.62
Interest and Fiscal Charges	2,612,526.40	2,612,526.40	2,901,382.34	2,901,382.34
<b>Total</b>	<b>\$ 121,922,881.45</b>	<b>\$ 57,002,195.67</b>	<b>\$ 133,373,892.30</b>	<b>\$ 68,046,181.99</b>

FOX C-6 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Governmental Funds Financial Analysis**

The District uses funds to control and manage money for particular purposes (e.g., dedicated taxes and bond proceeds). The fund basis financial statements allow the District to demonstrate its stewardship over and accountability for modified cash basis resources provided by the taxpayers and other entities.

These statements also allow the reader to obtain more insight into the modified cash basis financial workings of the District and assess further the District's modified cash basis financial health. The District completed the fiscal year ended June 30, 2015, with a combined modified cash basis fund balance for Governmental funds (as presented in the Balance Sheet (Modified cash basis) on page 14) of \$22,421,586.83 as compared to a combined fund balance of \$23,662,172.63, a decrease of \$1,240,585.80.

The fund balance of the operating funds (General and Special Revenue) was decreased by \$60,992.99 as compared to a decrease of \$5,647,088.87 the previous year. No transfers were made to the Capital Projects Fund during 2014-2015.

The fund balance of the Debt Service Fund decreased by \$593,269.25 as compared to a decrease of \$113,181.10.

The fund balance of the Capital Projects Fund decreased by \$586,323.56 due to the spending down of bond proceeds as compared to a decrease of \$9,849,867.13 from the previous year.

The \$4,235,179.05 balance of the Debt Service Fund is legally restricted for payment of bond principal, interest and related fees.

The major source of revenue for operations and debt service is local property taxes amounting to \$38,693,517.68. This is derived from the District's operating levy of \$4.328 and the debt service levy of \$.2548 for a total levy of \$4.5828. Other significant local revenues are \$1,403,981.71 from delinquent local taxes, \$10,407,836.35 from sales tax, \$1,441,218.77 from food service, \$1,817,907.23 from community services and \$4,077,320.02 from student activities.

County revenues of \$2,664,948.36 are derived from state assessed utility property of \$2,467,955.80 and county fines of \$196,992.56.

State funding which makes up 43.3% of total revenues collected which increased from the previous year by \$615,085.23 to \$51,135,756.40. The State Foundation Formula for Basic State Aid was \$46,265,264.00, an increase of \$1,136,990.00 from the prior year. Significant state revenues collected are:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Basic Formula	\$ 46,265,264.00	\$ 45,128,274.00
Transportation	1,354,445.00	1,174,327.00
Early Childhood Special Education	3,230,548.02	3,541,345.16
Other	285,499.38	676,725.01
<b>Total State Revenues</b>	<u><u>\$ 51,135,756.40</u></u>	<u><u>\$ 50,520,671.17</u></u>

FOX C-6 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Governmental Funds Financial Analysis (concluded)**

Federal funding which makes up 5.3% of total revenues collected was decreased to \$6,306,617.63 from \$7,185,694.26 the previous year. Significant federal revenues collected are:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Medicaid	\$ 356,131.31	\$ 272,907.52
Individuals with Disabilities	2,191,242.76	2,128,229.39
Early Childhood Special Education	717,122.11	1,180,448.38
School Lunch and Breakfast	1,919,906.47	2,064,969.07
Title I	957,945.66	1,190,875.66
Title II, A	156,223.37	332,942.93
Other	8,045.95	15,321.31
<b>Total Federal Revenue</b>	<u><u>\$ 6,306,617.63</u></u>	<u><u>\$ 7,185,694.26</u></u>

Total governmental fund expenditures paid were \$119,454,230.79 for the year compared to \$133,470,781.28 the previous year. The General Fund accounts for \$37,727,899.71 or 31.6% of the total expenditures. The Special Revenue (Teachers) Fund accounts for \$74,039,944.09 or 62.0% of total expenditures and consists of certificated teachers' salaries and insurance benefits. Debt Service Fund expenditures of \$2,963,040.00 or 2.5% of total expenditures are for principal and interest on general obligation bonds. Capital Fund expenditures of \$4,723,346.99 or 4.0% of total expenditures are for payments on capital leases, construction projects, facility repairs and equipment.

The following tables summarize the governmental fund revenues collected and expenditures paid for the years ended June 30, 2015, and 2014.

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Local	\$ 58,104,749.45	\$ 57,624,056.50
County	2,664,948.36	2,750,920.85
State	51,135,756.40	50,520,671.17
Federal	6,306,617.63	7,185,694.26
<b>Total Revenues Collected</b>	<u><u>\$ 118,212,071.84</u></u>	<u><u>\$ 118,081,342.78</u></u>

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Instruction	\$ 75,655,570.54	\$ 79,057,735.65
Support Services	35,314,137.06	37,871,807.62
Debt Service	6,765,981.06	7,149,721.96
Capital Outlay	337,158.81	7,908,041.77
Community Service and Other	1,381,383.32	1,483,474.28
<b>Total Expenditures</b>	<u><u>\$ 119,454,230.79</u></u>	<u><u>\$ 133,470,781.28</u></u>

FOX C-6 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(UNAUDITED)

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**Budgetary Highlights**

Over the course of the year, the Board of Education made no revisions to 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. require a budget amendment if anticipated expenditures are in excess of budgetary goals. The original budget was adopted on June 30, 2014.

Statements comparing fund modified cash basis revenues and expenditures to the original and final budgets are provided in the auditor's report on pages 46 – 50. General revenues were less than the original budgets reflecting the less than anticipated local revenues, state revenues and Federal revenues. Total expenditures were less than the original budgets primarily due to expenditures being reduced as a result of the uncertainties in state funding and the warnings of further reductions projected for the next few years.

**Capital Assets**

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

**Long-Term Debt**

At June 30, 2015, the District had outstanding general obligation bonds of \$39,015,000.00 reflecting principal payments of \$1,435,000.00 and interest payments of \$1,513,640.00 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 \$126,978,572.10 at June 30, 2015, based on the December 31, 2014, assessed values.

The District has capital leases with outstanding future lease payments of \$24,778,044.51 at June 30, 2015, after principal payments of \$8,997,518.08 were made during the year and interest paid in the amount of \$1,081,188.32.

The District holds an energy loan with the Department of Natural Resources (DNR) with an outstanding balance of \$151,383.47. Principal payments were made during the year in the amount of \$37,701.99 along with interest payments of \$3,818.01.

The District has entered into an agreement with Brightergy for the installation of solar panels during the 2013-2014 year. These devices became active during July and August of 2014.

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

FOX C-6 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

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**Economic Factors**

The District adopted a balanced budget for the 2014-2015 fiscal year. Budget controls were enforced to ensure a balanced budget. State funding was slightly higher than previous years which assisted the District in meeting their budget objective.

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.

The 2015-2016 budget was passed as a balanced budget. This has been accomplished through with consideration with appropriate building improvements. Working within budget restraints is necessary to avoid using fund balance unless absolutely necessary to maintain facilities.

**Subsequent Events**

The District has entered into a capital lease in the amount of \$22,145,000 for the purpose of refunding the 2006 lease agreement, prepay a portion of the 2007 and 2008 lease agreements, and to provide for the replacement of 60 buses within our fleet and non-bus vehicles.

**Contacting the District's Financial Management**

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of Fox C-6 School District finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report, please contact Mr. John Brazeal, Chief Financial Officer at 636-296-8000.

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

Fox C-6 School District (the District) was established in 1948 under the Statutes of the State of Missouri. The District operates as a "six director" district (with seven members of the Board of Education) as described in RSMo Chapter 162.

The School District located in Jefferson County, Missouri serves an area of approximately 56 square miles. The District is staffed by 597 non-certificated employees, 774 certificated full-time teaching personnel, and 45 administrative employees who provide services to nearly 11,500 students and other community members. The School District currently operates fifteen (15) elementary/middle schools (K-8) and two (2) high schools (9-12).

## **BASIC FINANCIAL STATEMENTS**



**Fox C-6 School District**  
**Statement of Net Position - Modified Cash Basis**  
**As of June 30, 2015**

	<u><b>Govermental Activities</b></u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents (Note II)	\$ 23,809,605.12
Investments	-
Restricted Assets:	
Cash and Cash Equivalents (Note II)	4,916,975.80
Future Claims - Cash	3,886,025.81
Future Claims - Investments	735,000.00
	<hr/>
<b>Total Assets</b>	<u><u>33,347,606.73</u></u>
<b>Liabilities</b>	
Accounts Payables	-
Payroll Liabilities	6,304,994.09
	<hr/>
<b>Total Current Liabilities</b>	6,304,994.09
<b>Net Position</b>	
Restricted:	
Debt Service	4,235,179.05
Unspent Bond Proceeds	681,796.75
Held for Future Claims	4,621,025.81
	<hr/>
Total Restricted	9,538,001.61
Unrestricted:	17,504,611.03
	<hr/>
Total Unrestricted	<u>17,504,611.03</u>
<b>Total Net Position</b>	<u><u>\$ 27,042,612.64</u></u>

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

**Fox C-6 School District**  
**Statement of Activities - Modified Cash Basis**  
**For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Instruction	\$ 72,832,889.06	\$ -	\$ 53,650,742.00	\$ -	\$ (19,182,147.06)
Attendance	57,768.79	-	-	-	(57,768.79)
Guidance	1,877,773.45	-	-	-	(1,877,773.45)
Health, Psych Speech and Audio	1,126,187.83	-	-	-	(1,126,187.83)
Improvement of Instruction	177,452.65	-	-	-	(177,452.65)
Professional Development	472,741.70	-	-	-	(472,741.70)
Media Services (Library)	1,572,026.12	-	-	-	(1,572,026.12)
Board of Education Services	263,438.71	-	-	-	(263,438.71)
Executive Administration	4,042,153.70	-	-	-	(4,042,153.70)
Building Level Administration	7,428,141.22	-	-	-	(7,428,141.22)
Operation of Plant	8,847,537.02	-	-	-	(8,847,537.02)
Security Services	252,664.90	-	-	-	(252,664.90)
Pupil Transportation	5,603,156.41	-	1,354,445.00	-	(4,248,711.41)
Food Services	4,369,039.56	1,939,215.81	1,958,215.72	-	(471,608.03)
Student Activities	4,485,034.49	4,077,320.02	-	-	(407,714.47)
Community Services	1,411,735.97	1,940,747.23	-	-	529,011.26
Capital Outlay	337,158.81	-	-	-	(337,158.81)
Debt Service:					
Principal Retirement	4,153,454.66	-	-	-	(4,153,454.66)
Interest and Fiscal Charges	2,612,526.40	-	-	-	(2,612,526.40)
Total Governmental Activities	<u>\$ 121,922,881.45</u>	<u>\$ 7,957,283.06</u>	<u>\$ 56,963,402.72</u>	<u>\$ -</u>	<u>(57,002,195.67)</u>
<b>General Revenues:</b>					
Taxes:					
Property Taxes, Levied for General Purposes					33,117,879.29
Property Taxes, Levied for Debt Service					2,151,408.03
Property Taxes, Levied for Capital Projects					3,756,608.07
Prop C - Sales Tax					10,407,836.35
Federal, State and County Aid Not Restricted to Specific Purposes					3,021,079.67
Refunding of Bonds					-
Interest and Investment Earnings					437,278.51
Miscellaneous					410,902.52
<b>Subtotal, General Revenues</b>					<u>53,302,992.44</u>
<b>Change in Net Position</b>					(3,699,203.23)
Net Position July 1, 2014					<u>30,741,815.87</u>
Net Position June 30, 2015					<u>\$ 27,042,612.64</u>

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

**Fox C-6 School District**  
**Balance Sheet**  
**Modified Cash Basis -All Governmental Funds**  
**As of June 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents (Note II)	\$ 16,468,874.91	\$ 5,495,511.26	\$ -	\$ 1,845,218.95	\$ 23,809,605.12
Investments	-	-	-	-	-
Restricted Assets:					
Cash and Cash Equivalents ( Note II)	-	-	4,235,179.05	681,796.75	4,916,975.80
<b>Total Assets</b>	<u><u>\$ 16,468,874.91</u></u>	<u><u>\$ 5,495,511.26</u></u>	<u><u>\$ 4,235,179.05</u></u>	<u><u>\$ 2,527,015.70</u></u>	<u><u>\$ 28,726,580.92</u></u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	-	-	-	-	-
Payroll Withholdings	809,482.83	5,495,511.26	-	-	6,304,994.09
<b>Total Liabilities</b>	<u>809,482.83</u>	<u>5,495,511.26</u>	<u>-</u>	<u>-</u>	<u>6,304,994.09</u>
<b>Fund Balances</b>					
Restricted:					
Debt Service	-	-	4,235,179.05	-	4,235,179.05
Unspent Bond Proceeds	-	-	-	681,796.75	681,796.75
Assigned:					
Student Activities	1,528,492.36	-	-	-	1,528,492.36
Capital Projects Fund	-	-	-	1,845,218.95	1,845,218.95
Unassigned	14,130,899.72	-	-	-	14,130,899.72
<b>Total Fund Balances</b>	<u><u>15,659,392.08</u></u>	<u><u>-</u></u>	<u><u>4,235,179.05</u></u>	<u><u>2,527,015.70</u></u>	<u><u>22,421,586.83</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 16,468,874.91</u></u>	<u><u>\$ 5,495,511.26</u></u>	<u><u>\$ 4,235,179.05</u></u>	<u><u>\$ 2,527,015.70</u></u>	<u><u>\$ 28,726,580.92</u></u>

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

**Fox C-6 School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Modified Cash Basis - All Governmental Funds**  
**For the Year Ended June 30, 2015**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Local Sources	\$ 46,680,218.11	\$ 5,204,788.33	\$ 2,179,651.60	\$ 4,040,091.41	\$ 58,104,749.45
County Sources	2,216,179.78	196,992.56	190,119.15	61,656.87	2,664,948.36
State Sources	7,026,200.35	44,075,854.05	-	33,702.00	51,135,756.40
Federal Sources	2,541,713.13	3,764,904.50	-	-	6,306,617.63
<b>TOTAL REVENUES</b>	<b>58,464,311.37</b>	<b>53,242,539.44</b>	<b>2,369,770.75</b>	<b>4,135,450.28</b>	<b>118,212,071.84</b>
<b>Expenditures</b>					
<b>Current</b>					
Regular Instruction	11,768,858.72	63,535,545.88	-	351,165.94	75,655,570.54
Attendance	56,526.75	-	-	-	56,526.75
Guidance	-	1,837,400.89	-	-	1,837,400.89
Health, Psych Speech & Audio	1,101,974.53	-	-	-	1,101,974.53
Improvement of Instruction	153,009.72	20,627.66	-	-	173,637.38
Professional Development	250,657.78	211,919.87	-	-	462,577.65
Media Services	107,431.80	1,430,795.40	-	-	1,538,227.20
Board of Education Services	257,774.72	-	-	-	257,774.72
Executive Administration	2,370,728.18	1,352,437.11	-	232,081.18	3,955,246.47
Building Level Administration	1,675,497.95	5,592,936.54	-	-	7,268,434.49
Business Central Services	-	-	-	-	-
Operation of Plant	8,657,312.95	-	-	-	8,657,312.95
Security Services	247,232.55	-	-	-	247,232.55
Pupil Transportation	5,482,687.27	-	-	-	5,482,687.27
Food Service	4,275,104.21	-	-	-	4,275,104.21
Community Services	1,323,102.58	58,280.74	-	-	1,381,383.32
Capital Outlay	-	-	-	337,158.81	337,158.81
Debt Service:					
Principal	-	-	1,435,000.00	2,718,454.66	4,153,454.66
Interest and Charges	-	-	1,528,040.00	1,084,486.40	2,612,526.40
<b>Total Support Services</b>	<b>37,727,899.71</b>	<b>74,039,944.09</b>	<b>2,963,040.00</b>	<b>4,723,346.99</b>	<b>119,454,230.79</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>20,736,411.66</b>	<b>(20,797,404.65)</b>	<b>(593,269.25)</b>	<b>(587,896.71)</b>	<b>(1,242,158.95)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers	(20,797,404.65)	20,797,404.65	-	-	-
Sale of Bonds	-	-	-	-	-
Net Insurance Recovery	-	-	-	-	-
Sale of School Buses	-	-	-	-	-
Sale of Other Property	-	-	-	1,573.15	1,573.15
Refunding of Bonds	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(20,797,404.65)</b>	<b>20,797,404.65</b>	<b>-</b>	<b>1,573.15</b>	<b>1,573.15</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(60,992.99)</b>	<b>-</b>	<b>(593,269.25)</b>	<b>(586,323.56)</b>	<b>(1,240,585.80)</b>
Fund Balances July 1, 2014	15,720,385.07	-	4,828,448.30	3,113,339.26	23,662,172.63
Fund Balances June 30, 2015	<u><u>\$ 15,659,392.08</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,235,179.05</u></u>	<u><u>\$ 2,527,015.70</u></u>	<u><u>\$ 22,421,586.83</u></u>

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

**Fox C-6 School District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**With the Government-Wide Statement of Net Position - Modified Cash Basis**  
**As of June 30, 2015**

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

Total Fund Balance - Governmental Funds	\$ 22,421,586.83
Total Net Position - Self-Insurance	4,621,025.81
	<hr/>
Total Net Position - Governmental Activities	<u><u>\$ 27,042,612.64</u></u>

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

**Fox C-6 School District**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in**  
**Fund Balances with the Government-Wide Statement of Activities - Modified Cash Basis**  
**For the Year Ended June 30, 2015**

Total net change in fund balances - governmental funds	\$ (1,240,585.80)
Total net change in net position - self-insurance	(2,458,617.43)
	<hr/>
Change in net position of statement of activities	<u><u>\$ (3,699,203.23)</u></u>

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

**Fox C-6 School District**  
**Statement of Net Position**  
**Modified Cash Basis - Proprietary Fund**  
**As of June 30, 2015**

	<u><b>Self Insurance Fund</b></u>
<b>ASSETS</b>	
Restricted:	
Cash and Cash Equivalents	\$ 3,886,025.81
Investments	<u>735,000.00</u>
<b>Total Assets</b>	<u><u>\$ 4,621,025.81</u></u>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Liabilities	<u>\$ -</u>
<b>Total Liabilities</b>	<u><u>\$ -</u></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ -
Restricted for Future Claims	4,621,025.81
Unrestricted	<u>-</u>
<b>Total Net Position</b>	<u><u>\$ 4,621,025.81</u></u>

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

**Fox C-6 School District  
Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Modified Cash Basis - Proprietary Fund  
For the Year Ended June 30, 2015**

<b>OPERATING REVENUES</b>	
Self-Insurance Premiums	\$ 9,376,989.89
<b>Total Operating Revenues</b>	<u>9,376,989.89</u>
 <b>OPERATING EXPENSES</b>	
Medical Claims	10,433,731.13
Administration Fees	1,411,909.42
<b>Total Operating Expenses</b>	<u>11,845,640.55</u>
<b>Operating Income (Loss)</b>	(2,468,650.66)
 <b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest Income	10,033.23
<b>Total Non-Operating Revenues (Expenses)</b>	<u>10,033.23</u>
<b>Income (Loss) Before Capital Contributions</b>	(2,458,617.43)
<b>Capital Contributions</b>	<u>-</u>
<b>Change in Net Position</b>	(2,458,617.43)
<b>Total Net Position - July 1, 2014</b>	<u>7,079,643.24</u>
<b>Total Net Position - June 30, 2015</b>	<u><u>\$ 4,621,025.81</u></u>

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



**Fox C-6 School District  
Statement of Cash Flows  
Modified Cash Basis - Proprietary Fund  
For the Year Ended June 30, 2015**

	<u><b>Self Insurance Fund</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from User Charges	\$ 9,376,989.89
Cash Payments for Insurance Claims and Fees	<u>(11,845,640.55)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	(2,468,650.66)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Investments	<u>504,053.79</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,964,596.87)
<b>Cash and Cash Equivalents - June 30, 2014</b>	<u>5,850,622.68</u>
<b>Cash and Cash Equivalents - June 30, 2015</b>	<u><u>\$ 3,886,025.81</u></u>
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided</b>	
(Used) by Operating Activities:	
<b>Operating Income (Loss)</b>	<u>\$ (2,468,650.66)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ (2,468,650.66)</u></u>

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

**Fox C-6 School District**  
**Statement of Fiduciary Net Position**  
**Modified Cash Basis - Fiduciary (Agency) Fund**  
**As of June 30, 2015**

	<u>Flex Spending Account</u>
<b>Assets</b>	
Cash and Cash Equivalents	<u>\$ 175,404.02</u>
<b>Total Assets</b>	<u><u>175,404.02</u></u>
<b>Liabilities</b>	
Due to Other	<u>175,404.02</u>
<b>Total Liabilities</b>	<u><u>\$ 175,404.02</u></u>
<b>Net Position</b>	
Net Investment in Capital Assets	\$ -
Restricted	-
Unrestricted	<u>-</u>
<b>Total Net Position</b>	<u><u>\$ -</u></u>

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fox C-6 School District ("District") was established under the Statutes of the State of Missouri. The District operates as a "six director" District (with seven members of the Board of Education) as described in RSMo Chapter 162.

The financial statements of Fox C-6 School District have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting (OCBOA) other than generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity

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

Basis of Presentation

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

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting

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

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

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

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

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

Proprietary Funds

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

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

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

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

Cash and Cash Equivalents

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

Basis of Accounting

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

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

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

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

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

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues-Exchange and Non-Exchange Transactions

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

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

Post-Employment Benefits

COBRA Benefits - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program, and there were 4 participants in the program as of June 30, 2015.

The District also has a policy that allows retirees to remain in the insurance program of the District. The premium is paid in full by the insured. During the year ended June 30, 2015, 390 retirees participated in the District's insurance plans and paid premiums totaling \$1,530,148.02.

Inventories

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

Self-Insured Medical Benefits

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

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Flex Spending Arrangement

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

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

Salaries

The District's scheduled salary payment for the 2014-15 school year involves paying salaries over a 12-month period. Consequently, the July and August 2015 payroll checks are included in the accompanying financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

Compensated Absences

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Amounts that are unpaid and vested in the employee are paid at termination. Total vested and unpaid sick leave at June 30, 2015, amounted to approximately \$3,826,399.70. This estimate has not been subjected to auditing procedures.

Fund Balance Classification

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

Nonspendable Fund Balance consists of funds that cannot be spent due to their form (e.g., inventories and prepaids) or funds that legally or contractually must be remain intact. The District did not have any nonspendable resources as of June 30, 2015.

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



FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Fund Balance Classification (concluded)

Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision-making authority, which is the Board of Education. Formal action must be taken prior to the end of the fiscal year, such as a vote from the Board of Education. The same formal action must be taken to remove or change the limitations placed on the funds. The District did not have any committed resources as of June 30, 2015.

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

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

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

As of June 30, 2015, fund balance components other than unassigned fund balances consist of the following:

	Nonspendable	Restricted	Committed	Assigned
General Fund	\$ -	\$ -	\$ -	\$ 1,528,492.36
Special Revenue/ (Teacher) Fund	-	-	-	-
Debt Service Fund	-	4,235,179.05	-	-
Capital Projects Fund	-	681,796.75	-	1,845,218.95
Total	<u>\$ -</u>	<u>\$ 4,916,975.80</u>	<u>\$ -</u>	<u>\$ 3,373,711.31</u>

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

II. DEPOSITS AND INVESTMENTS

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

Governmental and Proprietary Funds

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2015, the carrying amount of the District's governmental fund deposits and investments was \$28,726,580.92, and the carrying amount of the District's proprietary fund deposits and investments was \$4,621,025.81. The bank balance was \$37,905,244.00. Of the bank balance, \$500,000.00 was covered by federal depository insurance and \$37,405,244.00 was covered by collateral held at the Federal Reserve Bank and the District's safekeeping bank agent, in the District's name.

The deposits and investments held at June 30, 2015, for the governmental and proprietary funds are reported at historical cost value and are as follows:

TYPE	MATURITIES	FMV
Governmental Funds		
Deposits:		
Demand Deposits	N/A	\$ 23,809,605.12
Restricted Cash	N/A	4,916,975.80
Subtotal Deposits		28,726,580.92
Proprietary Funds		
Restricted:		
Self-Insurance Fund – Cash	N/A	3,886,025.81
Subtotal Deposits		3,886,025.81
Grand Total Deposits		\$ 32,612,606.73

As of June 30, 2015, the District had the following investments and maturities:

TYPE	GOVERNMENTAL	PROPRIETARY FUND	TOTAL
Certificates of Deposits	\$ -	\$ 735,000.00	\$ 735,000.00
Federal Home Loan Mortgage Corporation Notes	-	-	-
GRAND TOTAL INVESTMENTS	\$ -	\$ 735,000.00	\$ 735,000.00

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

II. DEPOSITS AND INVESTMENTS (continued)

TYPE	FAIR VALUE	MATURITY LESS THAN 1 YEAR	MATURITY 1-5 YEARS
<u>Governmental Funds</u>			
Certificates of Deposits	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Corporation Notes	-	-	-
SUBTOTAL INVESTMENTS	-	-	-
<u>Proprietary Funds</u>			
Certificates of Deposits	735,000.00	735,000.00	-
SUBTOTAL INVESTMENTS	735,000.00	735,000.00	-
GRAND TOTAL INVESTMENTS	\$ 735,000.00	\$ 735,000.00	\$ -

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's investment policy does not include custodial credit risk requirements. The District's deposits were not exposed to custodial credit risk for the year ended June 30, 2015.

Custodial Credit Risk – Investments

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 relating to investments. All investments, evidenced by individual securities, are registered in the name of the District or of a type not exposed to custodial credit risk.

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 does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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II. DEPOSITS AND INVESTMENTS (concluded)

Concentration of Investment Credit Risk

Concentration of investment 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 a policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The District's deposits were not exposed to concentration of investment credit risk for the year ended June 30, 2015.

SUMMARY OF CARRYING VALUES

Included in the following fund financial statement captions:

Balance Sheet – Governmental Funds

Cash	\$ 23,809,605.12
Investments	-
Restricted:	
Restricted Cash	4,916,975.80
	<u>\$ 28,726,580.92</u>

Statement of Net Position – Proprietary Fund

Restricted:	
Cash	\$ 3,886,025.81
Investments	735,000.00
	<u>\$ 4,621,025.81</u>

III. TAXES

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

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

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

III. TAXES (concluded)

The assessed valuation of the tangible taxable property (including state assessed railroad and utilities) for the calendar year 2014, for purposes of local taxation, was:

Real Estate:

Residential	\$ 539,178,911
Agricultural	634,815
Commercial	133,265,824
Personal Property	<u>173,444,264</u>
TOTAL	<u>\$ 846,523,814</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the fiscal year 2014-15, for purposes of local taxation, was:

	<u>UNADJUSTED</u>	<u>ADJUSTED</u>
General Fund	\$ 3.9158	\$ 3.9158
Special Revenue Fund	0.0000	0.0000
Debt Service Fund	0.2548	0.2548
Capital Projects Fund	<u>0.4122</u>	<u>0.4122</u>
TOTAL	<u>\$ 4.5828</u>	<u>\$ 4.5828</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2015, aggregated approximately 99.74 % of the current assessment computed on the basis of the levy as shown above.

IV. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	<u>OBLIGATION BONDS</u>	<u>CAPITAL LEASES</u>	<u>DNR ENERGY LOAN</u>	<u>TOTAL</u>
Long-Term Debt – July 1, 2014	\$ 40,450,000.00	\$ 27,465,562.59	\$ 189,085.50	\$ 68,104,648.09
Add-issued	-	-	-	-
Less-Payments/Refunding	<u>(1,435,000.00)</u>	<u>(2,687,518.08)</u>	<u>(37,701.99)</u>	<u>(4,160,220.07)</u>
Long-Term Debt – June 30, 2015	<u>\$ 39,015,000.00</u>	<u>\$ 24,778,044.51</u>	<u>\$ 151,383.51</u>	<u>\$ 63,944,428.02</u>

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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IV. CHANGES IN LONG-TERM DEBT (continued)

Bonds payable at June 30, 2015, consist of:

\$6,250,000 Original Principal Fox C-6 School District General Obligation Bonds Series 2006 due in varying annual principal installments ranging from \$2,750,000 to \$3,500,000 beginning March 1, 2021, through March 1, 2022; interest rate is 3.90%	\$ 6,250,000.00
\$8,410,000 Original Principal Fox C-6 School District General Obligation Bonds Series 2008 due in varying annual principal installments ranging from \$595,000 to \$1,340,000 through March 1, 2017; interest rate is variable from 3.00% to 3.684%	2,605,000.00
\$8,650,000 Original Principal Fox C-6 School District General Obligation Bonds Series 2010 due in varying annual principal installments ranging from \$50,000 to \$2,275,000 through March 1, 2020; interest rate is variable from 2.00% to 2.500%	7,240,000.00
\$9,750,000 Original Principal Fox C-6 School District General Obligation Bonds Series 2012 due in varying annual principal installments ranging from \$1,000,000 to \$1,750,000 beginning March 1, 2013, through March 1, 2032; interest rate is 5.0%	9,750,000.00
\$4,820,000 Original Principal Fox C-6 School District General Obligation Bonds Series 2013A due in varying annual principal installments ranging from \$200,000 to \$3,220,000 beginning March 1, 2013, through March 1, 2022; interest rate is 2.00%	4,420,000.00
\$8,750,000 Original Principal Fox C-6 School District General Obligation Bonds Series 2013B due in varying annual principal installments ranging from \$875,000 to \$1,300,000 beginning September 1, 2013, through March 1, 2033; interest rate is 5.00%	8,750,000.00
	<hr/> <u>\$ 39,015,000.00</u>

The bond payments are made from the debt service fund. The amount due within one year is \$1,780,000.00.

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

IV. CHANGES IN LONG-TERM DEBT (continued)

The annual requirements to amortize all debt outstanding as of June 30, 2015, including interest payments, are as follows:

FISCAL YEAR ENDING JUNE 30,	PRINCIPLE	INTEREST	TOTAL
2016	\$ 1,780,000.00	\$ 1,474,090.00	\$ 3,254,090.00
2017	1,915,000.00	1,424,575.00	3,339,575.00
2018	2,225,000.00	1,363,712.50	3,588,712.50
2019	2,400,000.00	1,313,650.00	3,713,650.00
2020	2,500,000.00	1,260,275.00	3,760,275.00
2021-2025	9,695,000.00	4,944,800.00	14,639,800.00
2026-2030	11,525,000.00	3,482,250.00	15,007,250.00
2031-2033	6,975,000.00	628,750.00	7,603,750.00
TOTAL	<u>\$ 39,015,000.00</u>	<u>\$ 15,892,102.50</u>	<u>\$ 54,907,102.50</u>

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a District to 15% of the assessed valuation of the district (including state-assessed railroad and utilities). The District did not exceed the available bonding capacity at June 30, 2015.

CAPITAL LEASES

The District entered into a capital lease for \$6,310,000 to refund the 2004 and 2005 capital leases. During 2008, the District entered into a \$12,465,000, cancelable lease agreement used to finance the acquisition of the new school. During 2007, the District entered into a \$10,000,000 capital lease to finance energy improvements and classroom additions to Seckman High School, Seckman Middle School and Simpson Elementary. During 2006, the District entered into a \$3,500,000 capital lease to refurbish three District buildings. These leases qualify as capital leases for accounting purposes and therefore, they have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The District entered into a capital lease on September 30, 2013, for 51 copy machines with Banc of America Public Capital Corp for \$885,700.93. The terms of the lease agreement include an interest rate of 1.75% with 10 payments of \$92,888.22, ending September 30, 2018. The total lease expense for the year ended June 30, 2015, was \$92,888.22.

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

IV. CHANGES IN LONG-TERM DEBT (continued)

CAPITAL LEASES (concluded)

The following is a summary of the future minimum lease payments required under these capital leases and the present value of the net minimum lease payments at June 30, 2015:

FISCAL YEAR ENDING JUNE 30,	PRINCIPLE	INTEREST	TOTAL
2016	\$ 2,515,550.35	\$ 986,528.59	\$ 3,502,078.94
2017	1,618,635.93	915,155.52	2,533,791.45
2018	1,686,775.73	861,165.71	2,547,941.44
2019	1,657,082.50	800,790.72	2,457,873.22
2020	1,630,000.00	739,822.50	2,369,822.50
2021-2025	9,380,000.00	2,651,768.00	12,031,768.00
2026-2029	6,290,000.00	611,520.00	6,901,520.00
TOTAL	<u>\$ 24,778,044.51</u>	<u>\$ 7,566,751.04</u>	<u>\$ 32,344,795.55</u>

The capital lease payments are made from the capital projects fund. The amount due within one year is \$2,515,550.35.

These cancelable lease agreements were funded by Lease Participation Certificates. At the time of issuance, a reserve was established from the proceeds and was placed in a Reserve Fund to be used to pay amounts representing principal, premium, if any, and interest with respect to the Certificates, to the extent of any deficiency in the certificate fund and to pay and retire a portion of the last outstanding certificates unless such certificates and all amounts representing interest with respect thereto be otherwise paid. Interest earned on this reserve reduces the required semi-annual payment due September 1 and March 1 in an amount equal to earnings.

ENERGY/OTHER FINANCING

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

The District entered into a \$101,004.04 loan, effective August 31, 2010, with the Missouri Department of Natural Resources (MDNR), Energy Efficiency Leveraged Loan Program appointed by the State Environmental Improvement and Energy Resources Authority. Interest on the loan during the term of the loan is 0.00% and is to be paid back over a term of five years with the final payment due August 1, 2015. The District received \$100,000.04 with 1% of the total issuance being held by MDNR as a loan origination fee.



FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

IV. CHANGES IN LONG-TERM DEBT (concluded)

ENERGY/OTHER FINANCING (concluded)

The annual requirements to amortize MDNR loans outstanding as of June 30, 2015, including interest payments are as follows:

FISCAL YEAR ENDING JUNE 30,	PRINCIPLE	INTEREST	TOTAL
2016	\$ 25,171.36	\$ 3,442.68	\$ 28,614.04
2017	15,680.09	3,057.91	18,738.00
2018	16,074.54	2,663.46	18,738.00
2019	16,478.91	2,259.09	18,738.00
2020	16,893.47	1,844.53	18,738.00
2021-2024	61,085.14	3,038.37	64,123.51
TOTAL	<u>\$ 151,383.51</u>	<u>\$ 16,306.04</u>	<u>\$ 167,689.55</u>

The MDNR loan payments are made from the capital projects fund. The amount due within one year is \$25,171.36.

V. PENSION PLANS

**Net Pension Liability**

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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V. PENSION PLANS (continued)

**General Information about the Pension Plan - PSRS**

*Plan Description.* PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the State of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount. A Comprehensive Annual Financial Report ("CAFR") can be obtained at [www.psrs-peers.org](http://www.psrs-peers.org).

*Benefits Provided.* PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at [www.psrs-peers.org](http://www.psrs-peers.org). Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

*Cost-of-Living Adjustments ("COLA").* The PSRS Board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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V. PENSION PLANS (continued)

*Contributions.* PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2015. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The District's contributions to PSRS were \$7,983,362.73 for the year ended June 30, 2015.

**General Information about the Pension Plan - PEERS**

*Plan Description.* PEERS is a mandatory cost-sharing multiple employer retirement system for all public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of the Public School Retirement System of Missouri (PSRS) must contribute to PEERS. Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600 - 169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of the Public School Retirement System of Missouri. A Comprehensive Annual Financial Report ("CAFR") can be obtained at [www.psrs-peers.org](http://www.psrs-peers.org).

*Benefits Provided.* PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at [www.psrs-peers.org](http://www.psrs-peers.org).

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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V. PENSION PLANS (continued)

*Cost-of-Living Adjustments (COLA).* The PEERS Board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

*Contributions.* PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2015. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PEERS were \$1,111,464.86 for the year ended June 30, 2015.

**Pension Liabilities and Pension Expense - PSRS**

At June 30, 2015, the District has a liability of \$60,615,551 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2014, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$9,514,261 paid to PSRS for the year ended June 30, 2014, relative to the actual contributions of \$643,964,894 from all participating employers. At June 30, 2014, the District's proportionate share was 1.4775%.

**Pension Liabilities and Pension Expense - PEERS**

At June 30, 2015, the District has a liability of \$4,551,794 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2014, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$1,246,910 paid to PEERS for the year ended June 30, 2014, relative to the actual contributions of \$100,035,580 from all participating employers. At June 30, 2014, the District's proportionate share was 1.2465%.

**Actuarial Assumptions - PSRS**

Actuarial valuations of PSRS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was conducted in 2011 and the next experience study is scheduled for 2016.

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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V. PENSION PLANS (continued)

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

- Measurement Date	June 30, 2014
- Valuation Date	June 30, 2014
- Expected Return on Investments	8.00%, net of investment expenses and including 2.5% inflation
- Inflation	2.5%
- Total Payroll Growth	3.50% per annum, consisting of 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Future Salary Increases	4.00% - 10.00%, depending on service and including 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.00% to 7.00%.
- Cost-of-Living Increases	2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase.
- Mortality Assumption	
Actives:	RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
Non-Disabled Retirees, Beneficiaries and Survivors:	RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
Disabled Retirees:	RP 2000 Disabled Mortality Table

**Changes in Actuarial Assumptions and Methods**

There were no changes in actuarial assumptions or methods for the June 30, 2014, valuation.

**Fiduciary Net Position**

PSRS issues a publicly available financial report that can be obtained at [www.psr-peers.org](http://www.psr-peers.org)

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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V. PENSION PLANS (continued)

**Actuarial Assumptions - PEERS**

Actuarial valuations of PEERS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was conducted in 2011 and the next experience study is scheduled for 2016.

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

- Measurement Date	June 30, 2014
- Valuation Date	June 30, 2014
- Expected Return on Investments	8.00%, net of investment expenses and including 2.5% inflation
- Inflation	2.5%
- Total Payroll Growth	3.75% per annum, consisting of 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Future Salary Increases	5.00% - 12.00%, depending on service and including 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.75% to 8.75%.
- Cost-of-Living Increases	2.0% compounded annually, beginning on the fourth January after retirement and capped at 80% lifetime increase.
- Mortality Assumption	
Actives:	RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
Non-Disabled Retirees, Beneficiaries and Survivors:	RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
Disabled Retirees:	RP 2000 Disabled Mortality Table

**Changes in Actuarial Assumptions and Methods**

There were no changes in actuarial assumptions or methods for the June 30, 2014, valuation.

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

V. PENSION PLANS (continued)

**Fiduciary Net Position**

PEERS issues a publicly available financial report that can be obtained at [www.psrs-peers.org](http://www.psrs-peers.org)

**Expected Rate of Return**

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-term Expected Real Return Arithmetic Basis</b>	<b>Weighted Long-term Expected Real Return Arithmetic Basis</b>
U.S. Public Equity	27.0%	5.85%	1.58%
Public Credit	12.0%	2.44%	0.29%
Hedged Assets	6.0%	5.22%	0.31%
Non-U.S. Public Equity	15.0%	6.64%	1.00%
U.S. Treasuries	16.0%	1.01%	0.16%
U.S. TIPS	4.0%	1.12%	0.04%
Private Credit	2.0%	7.61%	0.15%
Private Equity	10.5%	8.61%	0.90%
Private Real Estate	7.5%	4.60%	0.35%
Total	<u>100.0%</u>		<u>4.78%</u>
Inflation			<u>2.50%</u>
Long term arithmetical nominal return			<u>7.28%</u>
Effect of coverage matrix			<u>0.81%</u>
Long term expected geometric return			<u>8.09%</u>

- Discount Rate

The discount rate used to measure the total pension liability was 8.00% as of June, 30, 2014, and is consistent with the long-term expected geometric return on plan investments. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

V. PENSION PLANS (continued)

- Discount Rate Sensitivity

The sensitivity of the District's net pension liability to changes in the discount rate is presented below. The District's net pension liability calculated using the discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.0% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

Discount Rate	<u>1% Decrease (7.00%)</u>	<u>Current Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
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PSRS Proportionate share of the Net Pension

Liability / (Asset)	\$128,354,038	\$60,615,551	\$3,798,213
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PEERS Proportionate share of the Net Pension

Liability / (Asset)	\$10,922,547	\$4,551,794	\$(830,169)
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**Schedule of Proportionate Share of the Net Pension Liability and Related Ratios - PSRS**

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/15	1.4775%	\$60,615,551	\$65,798,165	92.12%	89.30%

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

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/15	1.2465%	\$4,551,794	\$18,176,558	25.00%	91.30%

**Schedule of Employer Contributions - PSRS**

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$9,144,205	\$9,144,205	\$ -	\$63,220,190	14.46%
6/30/14	9,514,261	9,514,261	-	65,798,165	14.46%



FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

V. PENSION PLANS (concluded)

**Schedule of Employer Contributions - PEERS**

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$1,246,532	\$1,246,532	\$ -	\$18,171,863	6.86%
6/30/14	1,246,910	1,249,910	-	18,176,558	6.86%

VI. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all district employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In accordance with Internal Revenue Code Section 457, the deferred compensation is put in accounts under the participating employee's name. The plans are administered by independent plan administrators through administrative service agreements. The District's administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs investing functions. The assets will not be diverted to any other purpose. Therefore, the financial activity of these plans is no longer reported in the District's Agency Fund.

VII. EMPLOYEE BENEFIT PLAN

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

VIII. SELF-INSURED AND POST-RETIREMENT MEDICAL BENEFITS

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

The District permits its retirees, both classified and certified, to participate in the medical insurance programs offered to current employees, including the District's self-insurance program. Retirees pay 100% of the insurance premiums or applicable contributory amounts in the case of the self-insurance program. The amount of medical benefits paid through the self-insurance program during 2014-2015 for retirees, in excess of their contributions, is not readily determinable.

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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IX. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2015, were made to zero the remaining fund balance of the Special Revenue Fund.

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 20,797,404.65
Special Revenue Fund	20,797,404.65	-
	<u>\$ 20,797,404.65</u>	<u>\$ 20,797,404.65</u>

X. RESTRICTED FUND BALANCE

The District's restricted fund balance consists of \$4,235,179.05 for the debt service fund and \$681,796.75 for unspent bond proceeds.

XI. CONTINGENCIES

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

*Litigation* – At this time, the District is involved in pending litigation. No provision has been made in the financial statements for any loss that might arise in the event of an unfavorable outcome of these matters. District management believes that such litigation and claims will ultimately be resolved without material financial liability, if any, to the District.

XII. SUBSEQUENT EVENT

The District issued 2015 Lease Certificates of Participation in the amount of \$21,145,000, dated July 1, 2015. Proceeds of the Series 2015 Certificates will be used for the purpose of (a) refunding (i) all of the \$2,400,000 outstanding Insured Lease Participation Certificates (Fox C-6 School District, Jefferson County, Missouri Project), Series 2006 (the "Refunded Series 2006 Certificates"), (ii) \$6,005,000 of the \$7,250,000 outstanding Insured Lease Participation Certificates (Fox C-6 School District, Jefferson County, Missouri Project), Series 2007 (the "Refunded Series 2007 Certificates"), and (ii) \$6,860,000 of the \$9,680,000 outstanding Insured Lease Participation Certificates (Fox C-6 School District, Jefferson County, Missouri Project), Series 2008 (the "Refunded Series 2008 Certificates" and, together with the Refunded Series 2006 Certificates and the Refunded Series 2007 Certificates, the "Refunded Certificates"); (b) providing funds to acquire school buses and other vehicles (the "Project"); (c) funding a debt service reserve fund for the Series 2015 Certificates and (d) paying the costs of executing and delivering the Series 2015 Certificates.

## **SUPPLEMENTARY INFORMATION**

**Fox C-6 School District**  
**Budgetary Comparison Schedule**  
**Modified Cash Basis - General Fund**  
**For the Year Ended June 30, 2015**

			Variances--	
			Over(Under)	
Budgeted Amounts				Final
	Original	Final	Actual	to Actual
Revenues				
Local Sources	\$ 45,938,929.73	\$ 45,938,929.73	\$ 46,680,218.11	\$ 741,288.38
County Sources	2,017,006.00	2,017,006.00	2,216,179.78	199,173.78
State Sources	7,105,089.00	7,105,089.00	7,026,200.35	(78,888.65)
Federal Sources	3,073,868.62	3,073,868.62	2,541,713.13	(532,155.49)
TOTAL REVENUES	58,134,893.35	58,134,893.35	58,464,311.37	329,418.02
Expenditures				
Current				
Instruction	11,613,564.37	11,784,307.05	11,768,858.72	(15,448.33)
Attendance	56,098.96	56,098.96	56,526.75	427.79
Health, Psych Speech & Audio	1,322,117.49	1,322,117.49	1,101,974.53	(220,142.96)
Improvement of Instruction	232,000.00	232,000.00	153,009.72	(78,990.28)
Professional Development	420,623.00	420,623.00	250,657.78	(169,965.22)
Media Services	116,768.00	116,768.00	107,431.80	(9,336.20)
Board of Education Services	190,163.00	190,163.00	257,774.72	67,611.72
Executive Administration	2,140,561.09	2,140,561.09	2,370,728.18	230,167.09
Building Level Administration	1,442,021.50	1,442,021.50	1,675,497.95	233,476.45
Business Central Services	-	-	-	-
Operation of Plant	8,639,600.99	8,639,600.99	8,657,312.95	17,711.96
Security Services	274,883.15	274,883.15	247,232.55	(27,650.60)
Pupil Transportation	4,726,216.66	4,719,630.98	5,482,687.27	763,056.29
Food Service	3,660,175.97	3,660,175.97	4,275,104.21	614,928.24
Community Services	1,423,783.76	1,423,783.76	1,323,102.58	(100,681.18)
Total Expenditures	36,258,577.94	36,422,734.94	37,727,899.71	1,305,164.77
Revenues Over (Under)				
Expenditures	21,876,315.41	21,712,158.41	20,736,411.66	(975,746.75)
Other Financing Sources (Uses):				
Transfers	(21,924,746.41)	(21,924,746.41)	(20,797,404.65)	1,127,341.76
Net Insurance Recovery	-	-	-	-
Sale of Other Property	-	-	-	-
Total Other Financing Sources (Uses)	(21,924,746.41)	(21,924,746.41)	(20,797,404.65)	1,127,341.76
NET CHANGE IN FUND BALANCE	(48,431.00)	(212,588.00)	(60,992.99)	\$ 151,595.01
Fund Balance July 1, 2014	15,720,385.07	15,720,385.07	15,720,385.07	
Fund Balance June 30, 2015	\$ 15,671,954.07	\$ 15,507,797.07	\$ 15,659,392.08	

**Fox C-6 School District**  
**Budgetary Comparison Schedule**  
**Modified Cash Basis - Special Revenue Fund**  
**For the Year Ended June 30, 2015**

				Variances--
				Over(Under)
Budgeted Amounts				Final
	Original	Final	Actual	to Actual
Revenues				
Local Sources	\$ 4,678,493.00	\$ 4,678,493.00	\$ 5,204,788.33	\$ 526,295.33
County Sources	280,000.00	280,000.00	196,992.56	(83,007.44)
State Sources	42,460,617.00	42,460,617.00	44,075,854.05	1,615,237.05
Federal Sources	3,252,813.38	3,252,813.38	3,764,904.50	512,091.12
TOTAL REVENUES	50,671,923.38	50,671,923.38	53,242,539.44	2,570,616.06
Expenditures				
Current				
Instruction	61,931,919.13	61,931,919.13	63,535,545.88	1,603,626.75
Guidance	1,811,333.22	1,811,333.22	1,837,400.89	26,067.67
Health, Psych, Speech and Audio	45,603.49	45,603.49	-	(45,603.49)
Improvement of Instruction	69,793.50	69,793.50	20,627.66	(49,165.84)
Professional Development	-	-	211,919.87	211,919.87
Media Services	1,329,062.19	1,329,062.19	1,430,795.40	101,733.21
Executive Administration	1,186,781.11	1,186,781.11	1,352,437.11	165,656.00
Building Level Administration	6,164,892.05	6,164,892.05	5,592,936.54	(571,955.51)
Community Services	57,285.10	57,285.10	58,280.74	995.64
Total Support Services	72,596,669.79	72,596,669.79	74,039,944.09	1,443,274.30
Revenues Over (Under)				
Expenditures	(21,924,746.41)	(21,924,746.41)	(20,797,404.65)	1,127,341.76
Other Financing Sources (Uses):				
Transfers	21,924,746.41	21,924,746.41	20,797,404.65	(1,127,341.76)
Total Other Financing Sources (Uses)	21,924,746.41	21,924,746.41	20,797,404.65	(1,127,341.76)
NET CHANGE IN FUND BALANCE	-	-	-	\$ -
Fund Balance July 1, 2014	-	-	-	
Fund Balance June 30, 2015	\$ -	\$ -	\$ -	

**Fox C-6 School District**  
**Budgetary Comparison Schedule**  
**Modified Cash Basis - Debt Service Fund**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances--</b>
	<b>Original</b>	<b>Final</b>		<b>Over(Under)</b>
				<b>Final</b>
				<b>to Actual</b>
<b>Revenues</b>				
Local Sources	\$ 2,778,750.00	\$ 2,778,750.00	\$ 2,179,651.60	\$ (599,098.40)
County Sources	170,238.00	170,238.00	190,119.15	19,881.15
State Sources	-	-	-	-
Federal Sources	-	-	-	-
<b>TOTAL REVENUES</b>	<b>2,948,988.00</b>	<b>2,948,988.00</b>	<b>2,369,770.75</b>	<b>(579,217.25)</b>
<b>Expenditures</b>				
<b>Current</b>				
Debt Service:				
Principal	1,435,000.00	1,435,000.00	1,435,000.00	-
Interest & Fees	1,497,110.83	1,497,110.83	1,528,040.00	30,929.17
<b>Total Expenditures</b>	<b>2,932,110.83</b>	<b>2,932,110.83</b>	<b>2,963,040.00</b>	<b>30,929.17</b>
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>16,877.17</b>	<b>16,877.17</b>	<b>(593,269.25)</b>	<b>(610,146.42)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers	-	-	-	-
Refunding Bonds	-	-	-	-
<b>Total Other Financing</b>				
<b>Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>16,877.17</b>	<b>16,877.17</b>	<b>(593,269.25)</b>	<b>\$ (610,146.42)</b>
Fund Balance July 1, 2014	4,828,448.30	4,828,448.30	4,828,448.30	
<b>Fund Balance June 30, 2015</b>	<b>\$ 4,845,325.47</b>	<b>\$ 4,845,325.47</b>	<b>\$ 4,235,179.05</b>	

**Fox C-6 School District**  
**Budgetary Comparison Schedule**  
**Modified Cash Basis - Capital Projects Fund**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances--</b>
	<b>Original</b>	<b>Final</b>		<b>Over(Under)</b>
<b>Revenues</b>				<b>Final</b>
				<b>to Actual</b>
Local Sources	\$ 3,864,326.00	\$ 3,864,326.00	\$ 4,040,091.41	\$ 175,765.41
County Sources	211,507.00	211,507.00	61,656.87	(149,850.13)
State Sources	-	-	33,702.00	33,702.00
Federal Sources	-	-	-	-
<b>TOTAL REVENUES</b>	<b>4,075,833.00</b>	<b>4,075,833.00</b>	<b>4,135,450.28</b>	<b>59,617.28</b>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	347,113.58	347,113.58	351,165.94	4,052.36
Executive Administration	231,201.30	231,201.30	232,081.18	879.88
Business Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Security Services	10,530.80	10,530.80	-	(10,530.80)
Pupil Transportation	-	-	-	-
Food Service	-	-	-	-
Capital Outlay	1,521,749.98	1,521,749.98	337,158.81	(1,184,591.17)
Debt Service:				
Principal	2,725,220.99	2,725,220.99	2,718,454.66	(6,766.33)
Interest and Charges	1,085,006.97	1,085,006.97	1,084,486.40	(520.57)
<b>Total Support Services</b>	<b>5,920,823.62</b>	<b>5,920,823.62</b>	<b>4,723,346.99</b>	<b>(1,197,476.63)</b>
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>(1,844,990.62)</b>	<b>(1,844,990.62)</b>	<b>(587,896.71)</b>	<b>1,257,093.91</b>
<b>Other Financing Sources (Uses):</b>				
Transfers	-	-	-	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	1,573.15	1,573.15
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>1,573.15</b>	<b>1,573.15</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,844,990.62)</b>	<b>(1,844,990.62)</b>	<b>(586,323.56)</b>	<b>\$ 1,258,667.06</b>
Fund Balance July 1, 2014	3,113,339.26	3,113,339.26	3,113,339.26	
<b>Fund Balance June 30, 2015</b>	<b>\$ 1,268,348.64</b>	<b>\$ 1,268,348.64</b>	<b>\$ 2,527,015.70</b>	

**Fox C-6 School District**  
**Budgetary Comparison Schedule**  
**Modified Cash Basis - All Governmental Funds**  
**For the Year Ended June 30, 2015**

				Variances--				
				Over(Under)				
				Final				
				to Actual				
Budgeted Amounts								
Original		Final		Actual				
Revenues								
Local Sources	\$	57,260,498.73	\$	57,260,498.73	\$	58,104,749.45	\$	844,250.72
County Sources		2,678,751.00		2,678,751.00		2,664,948.36		(13,802.64)
State Sources		49,565,706.00		49,565,706.00		51,135,756.40		1,570,050.40
Federal Sources		6,326,682.00		6,326,682.00		6,306,617.63		(20,064.37)
TOTAL REVENUES		115,831,637.73		115,831,637.73		118,212,071.84		2,380,434.11
Expenditures								
Current								
Instruction		73,892,597.08		74,063,339.76		75,655,570.54		1,592,230.78
Attendance		56,098.96		56,098.96		56,526.75		427.79
Guidance		1,811,333.22		1,811,333.22		1,837,400.89		26,067.67
Health, Psych Speech & Audio		1,367,720.98		1,367,720.98		1,101,974.53		(265,746.45)
Improvement of Instruction		301,793.50		301,793.50		173,637.38		(128,156.12)
Professional Development		420,623.00		420,623.00		462,577.65		41,954.65
Media Services		1,445,830.19		1,445,830.19		1,538,227.20		92,397.01
Board of Education Services		190,163.00		190,163.00		257,774.72		67,611.72
Executive Administration		3,558,543.50		3,558,543.50		3,955,246.47		396,702.97
Building Level Administration		7,606,913.55		7,606,913.55		7,268,434.49		(338,479.06)
Business Central Services		-		-		-		-
Operation of Plant		8,639,600.99		8,639,600.99		8,657,312.95		17,711.96
Security Services		285,413.95		285,413.95		247,232.55		(38,181.40)
Pupil Transportation		4,726,216.66		4,719,630.98		5,482,687.27		763,056.29
Food Service		3,660,175.97		3,660,175.97		4,275,104.21		614,928.24
Community Services		1,481,068.86		1,481,068.86		1,381,383.32		(99,685.54)
Capital Outlay		1,521,749.98		1,521,749.98		337,158.81		(1,184,591.17)
Debt Service:								
Principal		4,160,220.99		4,160,220.99		4,153,454.66		(6,766.33)
Interest and Charges		2,582,117.80		2,582,117.80		2,612,526.40		30,408.60
Total Expenditures		117,708,182.18		117,872,339.18		119,454,230.79		1,581,891.61
						(14,011,903.87)		
Revenues Over (Under)								
Expenditures		(1,876,544.45)		(2,040,701.45)		(1,242,158.95)		798,542.50
Other Financing Sources (Uses):								
Transfers		-		-		-		-
Sale of Bonds		-		-		-		-
Net Insurance Recovery		-		-		-		-
Sale of School Buses		-		-		-		-
Sale of Other Property		1,573.15		1,573.15		1,573.15		-
Refunding of Bonds		-		-		-		-
Total Other Financing Sources (Uses)		1,573.15		1,573.15		1,573.15		-
NET CHANGE IN FUND BALANCES		(1,874,971.30)		(2,039,128.30)		(1,240,585.80)	\$	798,542.50
Fund Balance July 1, 2014		23,662,172.63		23,662,172.63		23,662,172.63		
Fund Balance June 30, 2015	\$	21,787,201.33	\$	21,623,044.33	\$	22,421,586.83		



FOX C-6 SCHOOL DISTRICT  
NOTES TO THE BUDGETARY COMPARISON SCHEDULES  
YEAR ENDED JUNE 30, 2015

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

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund of the political subdivision.
- 2) Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- 4) On June 30, 2014, the budget was legally enacted by a vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the accompanying financial statements.
- 6) Budgeted amounts are as finally amended by the Board of Education.

FOX C-6 SCHOOL DISTRICT  
OTHER POST-EMPLOYMENT BENEFITS  
YEAR ENDED JUNE 30, 2015

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OTHER POST-EMPLOYMENT BENEFITS

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

The premiums are based on a single-blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand-alone financial report is available for the plan. During the year ended June 30, 2015, 390 retirees participated in the District's insurance plans and paid premiums totaling \$1,530,148.02.

## **STATE COMPLIANCE SECTION**



# Daniel Jones & Associates

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

To the Members of the Board of Education  
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 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, 2015.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

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

### **Opinion on Compliance with State Requirements**

In our opinion, management's assertions that the Fox C-6 School District complied with the aforementioned requirements for the year ended June 30, 2015, 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 Debt Service 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.

*Daniel Jones & Associates*

DANIEL JONES & ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
ARNOLD, MISSOURI  
December 4, 2015

FOX C-6 SCHOOL DISTRICT  
SCHEDULE OF SELECTED STATISTICS  
DISTRICT NO. 050-012  
YEAR ENDED JUNE 30, 2015

I. CALENDAR (Sections 160.041 and 171.031, RSMo)

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

Kindergarten – A.M.	-	Hours	Grades	1-6	1,097.50	Hours
Kindergarten – P.M.	-	Hours	Grades	7-8	1,097.50	Hours
Kindergarten – Full Day	1,097.50	Hours	Grades	9-12	1,097.50	Hours

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

Kindergarten – A.M.	-	Days	Grades	1-6	170	Days
Kindergarten – P.M.	-	Days	Grades	7-8	170	Days
Kindergarten – Full Day	170	Days	Grades	9-12	170	Days

II. AVERAGE DAILY ATTENDANCE (ADA)

		<b>Full-Time &amp; Part-Time</b>		<b>Remedial</b>	<b>Total</b>
<b>Regular Term</b>					
Kindergarten – Full Day		804.0247	-	-	804.0247
Grades	1-6	5,074.8394	-	-	5,074.8394
Grades	7-8	1,606.6418	-	-	1,606.6418
Grades	9-12	3,318.7434	-	-	3,318.7434
<b>Subtotal Regular Term</b>		10,804.2493	-	-	10,804.2493
			<b>Resident</b>	<b>Total</b>	
<b>Summer School Subtotal</b>			293.3431	293.3431	
<b>Total Regular Term Plus Summer School ADA</b>					11,097.5924

FOX C-6 SCHOOL DISTRICT  
SCHEDULE OF SELECTED STATISTICS  
DISTRICT NO. 050-012  
YEAR ENDED JUNE 30, 2015

III. SEPTEMBER MEMBERSHIP

	<b>Total</b>
<b>September Membership</b>	
<b>FTE Count</b>	<u>11,491.29</u>

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

	<b>Total</b>
<b>State FTE Total</b>	
<b>Free</b>	2,960.00
<b>Reduced</b>	<u>673.00</u>
<b>Total</b>	<u>3,633.00</u>

V. FINANCE

A.	As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of:	<u>\$ 250,000</u>
B.	The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	<u>TRUE</u>
C.	The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo.	<u>TRUE</u>
D.	Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records.	<u>TRUE</u>
E.	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken.	<u>N/A</u>

FOX C-6 SCHOOL DISTRICT  
SCHEDULE OF SELECTED STATISTICS  
DISTRICT NO. 050-012  
YEAR ENDED JUNE 30, 2015

V. FINANCE (Concluded)

F.	The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	<u>TRUE</u>
G.	The District has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment.	<u>TRUE</u>
H.	The amount spent for approved professional development committee plan activities was:	<u>\$462,577.65</u>

VI. TRANSPORTATION (SECTION 163.161, RSMO)

A.	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid	<u>TRUE</u>
B.	The District's school transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported	<u>TRUE</u>
C.	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	• Eligible ADT	<u>7,519.00</u>
	• Ineligible ADT	<u>1,220.50</u>
D.	The District's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year	<u>TRUE</u>
E.	Actual odometer records show the total District-operated <u>and</u> contracted mileage for the year was	<u># 1,298,592</u>
	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route <u>and</u> disapproved miles (combined) was:	
	• Eligible Miles	<u># 1,144,266</u>
	• Ineligible Miles (Non-Route/Disapproved)	<u># 154,326</u>

FOX C-6 SCHOOL DISTRICT  
SCHEDULE OF SELECTED STATISTICS  
DISTRICT NO. 050-012  
YEAR ENDED JUNE 30, 2015

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VI. TRANSPORTATION (SECTION 163.161, RSMO) (Concluded)

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

171



FOX C-6 SCHOOL DISTRICT  
SCHEDULE OF STATE FINDINGS  
YEAR ENDED JUNE 30, 2015

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I. CHAPTER 67 RSMO (BUDGET STATUTE)

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

Actual expenditures exceeded those budgeted in the General Fund, Special Revenue Fund and Debt Service Fund.

## **FEDERAL COMPLIANCE SECTION**



# Daniel Jones & Associates

MEMBERS OF  
MISSOURI SOCIETY OF CPA'S  
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CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Members of the Board of Education  
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 modified cash basis financial statements of the governmental activities, each major fund and the remaining fund information of Fox C-6 School District ("District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2015.

## **Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

### ***Purpose of this Report***

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

*Daniel Jones & Associates*

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

December 4, 2015



# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education  
Fox C-6 School District

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

We have audited Fox C-6 School District's ("District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Daniel Jones & Associates*

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

December 4, 2015

**Fox C-6 School District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Number	Expenditures
<b><u>Cash Federal Expenditures</u></b>			
<b>U.S. Department of Education</b>			
Passed Through State Department of Elementary and Secondary Education			
Special Education Cluster:			
Individuals With Disabilities	84.027A	050-012	\$ 2,151,233.00
Assistive Technology Grant	84.027A	050-012	448.00
Early Childhood Special Education	84.027A	050-012	506,338.05
			<u>2,658,019.05</u>
Special Education—Preschool Grants (IDEA Preschool)	84.173A	050-012	210,784.06
			<u>210,784.06</u>
Total Special Education Cluster			2,868,803.11
Title I Grants to Local Educational Agencies	84.010A	050-012	1,068,591.69
Title II, Part A - ESEA	84.367A	050-012	176,400.24
Title III	84.365A	050-012	10,851.95
Passed Through the Community College District of Jefferson County, Missouri			
Career and Technical Education	84.048		6,830.21
			<u>6,830.21</u>
<i>Total Department of Education</i>			\$ 4,131,477.20
<b>U.S. Department of Agriculture</b>			
Passed Through State Department of Elementary and Secondary Education			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	050-012	461,278.63
National School Lunch Program	10.555	050-012	1,458,627.84
<b><u>Non-Cash Assistance:</u></b>			
National School Lunch Program-Commodities	10.555	050-012	125,364.58
			<u>125,364.58</u>
Total Child Nutrition Cluster			
<i>Total Department of Agriculture</i>			2,045,271.05
			<u>2,045,271.05</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 6,176,748.25</u></u>

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

FOX C-6 SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

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NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Fox C-6 School District ("District"). The District's reporting entity is defined in Note I to the District's accompanying financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included on the schedule.

NOTE 2 – BASIS OF PRESENTATION

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

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

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

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

NOTE 3 - BASIS OF ACCOUNTING

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

NOTE 4 - RELATIONSHIP TO ACCOMPANYING FINANCIAL STATEMENTS

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

FEDERAL SOURCES

General Fund	\$ 2,541,713.13
Special Revenue Fund	3,764,904.50
	<u>\$ 6,306,617.63</u>

NOTE 5 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

NOTE 6 -MATCHING REVENUES

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

NOTE 7 – NON-CASH PROGRAMS

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

NOTE 8 – SUBRECIPIENTS

The District provided no federal awards to subrecipients during the year ended June 30, 2015.



FOX C-6 SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

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

**A. Financial Statements**

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

**B. Federal Awards**

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

CFDA Number(s):	Name of Federal Program or Cluster:
10.555, 10.553	Child Nutrition Cluster
5. Dollar threshold used to distinguish between type A and type B programs: \$ 300,000
6. Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

FOX C-6 SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

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**II. FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings for the year ended June 30, 2015.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings and questioned costs related to federal awards as of June 30, 2015.

FOX C-6 SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

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**I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

FS 2014-001     Criteria: Credit card purchases made by District employees must follow the District's credit card policy agreement.

Condition: Information was provided by current management regarding purchases made by District employees that appeared to be for personal benefit and not intended for District use.

Context: This became apparent through our discussions with current management and subsequent review of the District credit card activity.

Effect: Prior management of the District did not review or question the credit card purchases made by the District employees. This can cause personal expenditures to be paid by the District.

Cause: Prior management did not place adequate emphasis on internal controls of monitoring the credit card transactions of its employees.

Recommendation: We recommend that the District review the credit card statements and receipts of its employees on a monthly basis and properly monitor those expenditures. This recommendation has already been implemented by current management.

Views of responsible officials and planned corrective actions: Current management has established a user agreement for District employees to accept in order to use District credit cards. The Chief Financial Officer has established a more intensive review process and a detail of these charges are presented to the Board of Education on a monthly basis.

Status: This finding was resolved during the 2014-15 fiscal year.

FS 2014-002     Criteria: Employees of the District must follow the District's policies on travel, lodging and meal allowance when out-of-town travel is required.

Condition: Information was provided by current management regarding credit card transactions and employee reimbursements that violated the District's policies on out-of-town travel.

Context: This deficiency became apparent through our discussion with current management and subsequent review of the policies regarding travel, lodging and meal allowance for out-of-town travel.

Effect: Prior management did not review or question the expenses related to out-of-town travel by District employees. Therefore, purchases for travel, lodging and meals were over the limits of \$250 for airfare, \$110 per night for hotel stays and \$40 per day for meals. This creates overspending with regards to the District's policies.

Cause: Prior management did not place adequate emphasis or controls in place, to monitor employee travel, lodging and meal allowances policies.

FOX C-6 SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

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**I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (continued)**

FS 2014-002     Recommendation: We recommend that the District enforce its policies regarding travel, lodging and meal allowances. It is also recommended that the District review employee expenses related to out-of-town travel. These recommendations have already been implemented by current management.

Views of responsible officials and planned corrective actions: Current management along with the Board of Education have revised District travel policies to be more consistent with current travel expenses. The District is also requiring staff to make requests for reimbursements which allows for all travel expenses to be examined at one time per person.

Status: This finding was resolved during the 2014-15 fiscal year.

FS 2014-003     Criteria: The District must have policies in place to prevent management's override of internal control over financial reporting. Management must obtain the Board of Education's approval for all new employees' rates and any modifications to contracts of current employees.

Condition: Prior management made overrides of internal control policies over financial reporting. Salary amounts paid to some District employees did not have board approval.

Context: This deficiency became apparent after discussions with current management, documents provided to the auditors and through subsequent review of the payroll records.

Effect: Prior management was able to override internal controls put in place by the District. Employees were hired and contracts were modified without proper board approval.

Cause: Those charged with governance did not plan for the potential of management override of internal control over financial reporting. Prior management did not follow the policies and procedures of the District regarding employee pay rates and modifications to contracts.

Recommendation: We recommend that those charged with governance be aware of the possibility of management override and make inquiries to gain assurance that management override of controls is not occurring. Current management should provide those charged with governance with periodic reviews of payroll records. They should compare the pay rate to the authorized contract amounts contained in the personnel files to determine that the current rates are appropriate. In addition, on a regular basis, the appropriate level of current management should determine that the current pay rates agree with approved rates.

Views of responsible officials and planned corrective actions: Current management has implemented a system where all hires and contracts must be board approved. Payrolls are not permitted to be performed without adequate written authorization. The Board of Education has also been presented with options for a whistle blower policy which would allow for anonymous reporting of questionable activities.

FOX C-6 SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

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**I. PRIOR YEAR FINANACIAL STATEMENT FINDINGS (concluded)**

FS 2014-003    Status: This finding was resolved during the 2014-15 fiscal year.

**II. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended June 30, 2014.