

**SAINT JOSEPH SCHOOL DISTRICT**

**SAINT JOSEPH, MISSOURI**

**BASIC FINANCIAL STATEMENTS**

**Year Ended June 30, 2016**

## **THE SCHOOL DISTRICT OF ST. JOSEPH**

925 Felix  
St. Joseph, Missouri 64501

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Dr. Robert Newhart, Superintendent

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Educating each child for success...

**SCHOOLS AND OTHER FACILITIES OPERATED BY  
THE SCHOOL DISTRICT OF ST. JOSEPH, MISSOURI**

**Benton High School**  
5655 South 4th Street  
St. Joseph, MO 64504  
671-4030

**Central High School**  
2602 Edmond Street  
St. Joseph, MO 64501  
671-4080

**Lafayette High School**  
412 Highland Ave.  
St. Joseph, MO 64505  
671-4220

**Bode Middle School**  
720 North Noyes Blvd.  
St. Joseph, MO 64506  
671-4050

**Robidoux Middle School**  
4212 St. Joseph Ave.  
St. Joseph, MO 64505  
671-4350

**Spring Garden Middle School**  
5802 South 22nd St.  
St. Joseph, MO 64503  
671-4380

**Truman Middle School**  
3227-45 Olive St.  
St. Joseph, MO 64507  
671-4400

**Coleman Elem. School**  
3312 Beck Road  
St. Joseph, MO 64506  
671-4100

**Edison Elementary School**  
515 North 22nd Street  
St. Joseph, MO 64501  
671-4110

**Ellison Elementary School**  
45 85th S.E. Road  
St. Joseph, MO 64507  
671-4120

**Field Elementary School**  
2602 Gene Field Road  
St. Joseph, MO 64506  
671-4130

**Hosea Elementary School**  
6401 Gordon Street  
St Joseph, MO 64504  
671-4180

**Humboldt Elem. School**  
1520 North 2nd Street  
St. Joseph, MO 64505  
671-4190

**Hyde Elementary School**  
509 Thompson  
St. Joseph, MO 64504  
671-4210

**Lake Contrary Elem. School**  
1800 Alabama  
St. Joseph, MO 64504  
671-4240

**Lindbergh Elem. School**  
2812 St. Joseph Ave.  
St. Joseph, MO 64505  
671-4250

**Mark Twain Elem. School**  
705 South 31st Street  
St. Joseph, MO 64507  
671-4270

**Noyes Elementary School**  
1415 North 26th St.  
St. Joseph, MO 64506

**Parkway Elem. School**  
2900 Duncan Street  
St. Joseph, MO 64507  
671-4310

**Pershing Elem. School**  
2610 Blackwell Road  
St. Joseph, MO 64505  
671-4320

**Pickett Elem. School**  
3923 Pickett Road  
St. Joseph, MO 64503  
671-4330

**Skaith Elementary School**  
4701 Schoolside Lane  
St. Joseph, MO 64503  
671-4370

**Hillyard Technical Center**  
3434 Faraon Street  
St. Joseph, MO 64506  
671-4170

**Webster Learning Center**  
1211 North 18th St.  
St. Joseph, MO 64501  
671-4020  
ROTC  
671-4360

**Early Learning Center**  
1909 S. 12th St.  
St. Joseph, MO 64503  
273-0096

**Alternative Resource Center**  
3600 Frederick  
St. Joseph, MO 64506

**Keatley Center**  
1202 S. 28th Street  
St. Joseph, MO 64507  
Parents as Teachers  
671-4300

**Enright Center**  
514 N. 22nd Street  
St. Joseph, MO 64501  
671-4115

**District Office**

925 Felix  
St. Joseph, MO 64501  
671-4000

**Troester Media Center (TMC)**

3401 Renick  
St. Joseph, MO 64507  
671-4390

**1000 S. 9<sup>th</sup> Street**

St. Joseph, MO 64501  
Maintenance Department  
671-4260  
Print Shop  
671-4340  
Food Service  
671-4140  
ESOL  
671-4119

**Warehouse**

2725-2735 Pear Street  
St. Joseph, MO 64503  
671-4055  
Bookroom  
Records  
Crayons to Computers

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## **INDEPENDENT AUDITORS' REPORT**

Board of Education  
Saint Joseph School District  
Saint Joseph, Missouri

We have audited the basic financial statements of the governmental activities and each major fund of the Saint Joseph School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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.

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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 and each major fund of Saint Joseph School District as of June 30, 2016, and the respective changes in modified cash basis financial position thereof for the year then ended, in conformity with the basis of accounting described in Note A.

### **Basis of Accounting**

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

### **Disclaimer of Opinion on Supplementary 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, pension information, and budgetary comparison information on pages 11-20 and 54-61, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 Financial Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saint Joseph School District's basic financial statements. The data contained under Other Financial Information, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.



Board of Education  
Saint Joseph School District  
Saint Joseph, Missouri

The Other Financial Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
December 14, 2016

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

**SAINT JOSEPH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
JUNE 30, 2016**

Our discussion and analysis of Saint Joseph School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016, within the limitations of the District's modified cash basis of accounting. Please read it in conjunction with the District's financial statements that begin on page 22.

**FINANCIAL HIGHLIGHTS**

- Total assets were \$155,097,777 on June 30, 2016. This was a decrease of \$9.1 million from the prior year.
- Overall receipts were \$117,542,815, and disbursements were \$123,913,983.
- Net position was \$103,197,777 as of June 30, 2016. This reflects a decrease of \$6.4 million compared to the prior year.
- During the year, the District paid bond principal in the amount of \$2,750,000.

The General and Special Revenue funds are used for the day to day operations of the District and referenced throughout as operating funds support the salary increase. The combined balance carried in operating funds is the primary indicator of a District's financial viability. National and state economic downturns marked fiscal year 2016 as another year of economic and budget challenges for Saint Joseph School District. Nonetheless, the District finished the year with a healthy fund balance, which is a reflection of the District's continued efforts to maintain balanced spending to assure continued fiscal stability.

**USING THIS ANNUAL REPORT**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34 as applicable to the modified cash basis of accounting.

**Report Components**

**Government-Wide Financial Statements:** The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances.

**Fund Financial Statements:** Fund financial statements focus on the individual parts of the District's operations in more detail than the government-wide statements by providing information about the District's funds. These statements tell how these services were financed in the short term as well as what remains for future spending.

**Notes to the Financial Statements:** The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Supplementary Information:** This Management's Discussion and Analysis, pension information, and the budgetary comparison schedules represent additional financial information. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

**Other Financial Information:** This part of the annual report includes optional financial information, which includes the Schedule of Receipts by Source and the Schedule of Disbursements by Object as well as schedules and reports required by the State and Federal Governments. This other financial information is provided to address certain needs of various users of the District's annual report.

### **Basis of Accounting**

This District has elected to present its financial statements on the modified cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing receipts, disbursements, and their related assets and liabilities. Under the District's modified cash basis of accounting, receipts and disbursements and the related assets are recorded when they result from cash transactions. The modification to the cash basis relates to the presentation of investments, capital assets and long-term debt activity.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or services provided yet not collected) and liabilities and their related expenditures (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements except for the recording of investments. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

### **Government-Wide Statement of Net Position and the Statement of Activities**

Our financial analysis of the District as a whole begins on page 14. The government-wide financial statements are presented on pages 22-23. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all of the District's assets resulting from the use of the modified cash basis of accounting.

The statements report the District's net position and yearly changes within them. Over time, increases and decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other non-financial factors, however; such as changes in the District tax base, attendance, and the condition of the District's facilities, to assess the overall health of the District.

The Statement of Activities is presented by its governmental functions which include instruction, student services, instructional staff support, building administration, general administration, operation of plant, transportation, food services, community services, facility acquisition and construction and debt services. The Statement of Activities shows the net cost of these functions before considering the general receipts of the District.

### **Fund Financial Statements**

Our analysis of the District's funds begins on page 16. The fund financial statements begin on page 25 and provide detailed information about the District's funds. These funds are required to be established by state law and by bond covenants. These fund financial statements help the reader to determine whether there are more or fewer financial resources that can be spent in the near future for District programs.

**General Fund:** Accounts for all resources except those required to be accounted for in the Special Revenue, Debt Service, or Capital Project Funds. For purposes of reporting financial information to the State of Missouri in the Annual Secretary of the Board Report, this fund is combined with the activity and balances of the District's Fiduciary Funds.

**Special Revenue Fund:** Accounts for receipts for certified employees involved in administration and instruction, and includes receipts restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District's tax levy.

**Debt Service Fund:** Accounts for receipts restricted, committed, or assigned for the retirement of principal and interest on the District's general obligation bonds.

**Other Capital Projects Fund:** Accounts for taxes and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as defined by State of Missouri statutes. For purposes of reporting financial information to the State of Missouri in the Annual Secretary of the Board Report, this fund has been combined with the Bond Capital Projects Fund.

**Bond Capital Projects Fund:** Accounts for bond proceeds and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as allowed under definitions contained in each bond transcript. For purposes of reporting financial information to the State of Missouri in the Annual Secretary of the Board Report, this fund has been combined with the Other Capital Projects Fund.

**Fiduciary Funds:** Fiduciary funds are excluded from the government-wide financial statements because the assets are not available for District operations. In the District's Annual Secretary of the Board Report, these funds are grouped with the District's General Fund activity.

Agency Funds - Accounts for restricted resources, which are not used to support District operations.

SAINT JOSEPH SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS (unaudited)  
JUNE 30, 2016

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

The District’s Net Position, resulting from cash transactions, capital assets, and long-term debt transactions decreased by \$6.4 million between fiscal years 2015 and 2016.

**Net Position – Modified Cash Basis**

	June 30,		
	<u>2016</u>	<u>2015</u>	<u>2014, as restated</u>
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 44,806,228	\$ 55,042,632	\$ 58,418,189
Non-Current Assets			
Non-depreciable assets			
Land	2,444,191	2,444,191	2,444,191
Construction in progress	2,494,092	12,576,360	20,102,184
Depreciable assets			
Buildings and improvements	130,637,250	115,354,711	93,446,374
Furniture and equipment	9,047,907	8,954,754	8,773,699
Vehicles	1,779,730	1,779,730	1,779,730
Accumulated depreciation	(36,111,621)	(31,933,433)	(28,890,580)
	<u>110,291,549</u>	<u>109,176,313</u>	<u>97,655,598</u>
TOTAL ASSETS	155,097,777	164,218,945	156,073,787
<b>LIABILITIES</b>			
Current Liabilities			
Current portion of long-term debt obligations	3,000,000	2,750,000	2,550,000
Non-current Liabilities			
General obligation bonds	48,900,000	51,900,000	48,370,000
TOTAL LIABILITES	<u>51,900,000</u>	<u>54,650,000</u>	<u>50,920,000</u>
<b>NET POSITION</b>			
Net investment in capital assets	58,391,549	54,526,313	46,735,598
Restricted for debt service	4,458,028	5,456,982	5,798,280
Restricted for student activities	844,696	844,696	2,131,654
Restricted for bond proceeds	3,781,786	5,297,199	27,764,320
Resticted for professional development	16,695	63,075	49,442
Unrestricted	35,705,023	43,380,680	22,674,493
TOTAL NET POSITION	<u>\$ 103,197,777</u>	<u>\$ 109,568,945</u>	<u>\$ 105,153,787</u>

SAINT JOSEPH SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS (unaudited)  
JUNE 30, 2016

The District’s net position showed a decrease for the year. Tax Increment Financing developments within the District's boundaries continue to cause traditional school revenues to be diverted to developers. This creates the need for a cautious advance in expenditures to protect the financial position of the District.

We entered the third year of the new foundation formula without a blended rate with the prior formula, which slowly transitioned the state funding from the previous revenue-driven formula to a student expenditure model. This allows for increased per-pupil revenues received from the State under the new foundation formula. This makes our student enrollment and attendance average a critical component of current and future state revenue appropriation amounts. However, the State again this year failed to fully fund the formula which causes districts like ours to receive less state revenue than the formula calculates is required to operate the District.

**Changes in Net Position – Modified Cash Basis**

For the year ended June 30, 2016, net position of the District, resulting from cash transactions, capital asset activity and long-term debt activity changed as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
RECEIPTS			
<u>Program Receipts</u>			
Charges for services	\$ 4,572,118	\$ 4,884,740	\$ 5,638,928
Operating grants and contributions	14,590,836	18,325,761	17,617,625
Capital grants and contributions	274,573	380,579	542,291
<u>General Receipts</u>			
Ad valorem tax receipts	35,568,642	41,076,540	41,017,334
Prop C sales tax receipts	11,429,204	11,361,978	10,784,170
Other tax receipts	2,546,652	2,918,082	2,725,272
County receipts	3,497,978	3,464,013	3,159,573
State receipts	43,033,597	41,458,775	40,872,229
Interest receipts	819,077	1,032,653	822,306
Other receipts	1,063,742	1,082,876	961,552
<u>Special Items</u>			
Net insurance recovery	-	13,570	-
Gain on sale of other property	146,396	2,617	9,924
TOTAL RECEIPTS	<u>117,542,815</u>	<u>126,002,184</u>	<u>124,151,204</u>

SAINT JOSEPH SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS (unaudited)  
JUNE 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>DISBURSEMENTS</b>			
Instruction	72,315,656	70,793,734	66,484,297
Student services	7,218,067	6,762,745	5,739,711
Instructional staff support	8,737,361	6,379,029	9,665,565
Building administration	5,619,280	5,608,218	5,643,777
General administration	2,035,552	1,718,904	3,466,885
Operation of plant	11,912,966	14,229,096	11,608,763
Transportation	4,391,937	4,471,860	4,614,088
Food service	6,508,259	6,205,766	5,889,498
Adult continuing education	764,805	832,749	2,368,403
Community services	2,431,610	2,563,870	2,154,419
Debt service	1,978,490	2,021,055	1,869,147
	<u>123,913,983</u>	<u>121,587,026</u>	<u>119,504,553</u>
<b>TOTAL DISBURSEMENTS</b>			
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>\$ (6,371,168)</u>	<u>\$ 4,415,158</u>	<u>\$ 4,646,651</u>

The total cost of all programs and services was \$123,913,983. The District’s disbursements are predominately related to educating and caring for students (71%) and for the construction, maintenance and operation of plant facilities (10%). The remaining disbursements were payment of bond interest (2%), administration and business activities (6%), transportation (4%), food service (5%), community services, and adult continuing education (2%).

To aid in understanding the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances. You will notice that disbursements are listed in the first column, with receipts from that particular activity reported to the right. The result is a Net (Disbursements)/Receipts. This type of format highlights the relative financial burden of each of the functions on the District’s taxpayers. It also identifies how much each function draws from the general receipts, or if it is self-financing through fees and grants. All other governmental receipts are reported as general. It is important to note that all taxes are classified as general receipts, even if restricted for a specific purpose.

**FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS**

The District began fiscal year 2016 with a modest increase in its financial balances. It is worth noting that these balances are vulnerable to the current economic conditions and the increasing loss of new local commercial growth receipts through expanding Tax Increment Finance Districts. In a TIF District, potential property tax revenues (amounts greater than previously collected) are diverted from the taxing District to the city and developers to be used on site and infrastructure improvements in the TIF District. This is done beyond the control of the affected District.



SAINT JOSEPH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
JUNE 30, 2016

Potential additional revenues are largely due to increases in student enrollment and attendance. For the second time in three years, the District saw a small increase in student enrollment. The District will continue to see slight increases in future expenditures as additional staff are needed for instructional support for the students and to respond to the requirements of MSIP 5.

These issues, along with the federal, state, county and local revenue short-falls, uncertain student growth, and the need for the District to remain competitive in its teacher salaries may challenge the District's fund balances in the near future. It is with this type of situation in mind that fund balances are built during economic growth.

Over the course of the year, the District revises its annual budget to reflect unexpected changes in receipts and disbursements. A schedule of the District's budget amounts compared with actual receipts and disbursements is provided in the supplemental section of the audited financial report.

- The General Fund balance decreased by \$2,849,335 for the year ended June 30, 2016.
- The Debt Service Fund retired \$2,750,000 in bond principal, and made net interest and bond fee payments of \$1,978,490 on outstanding bonds for total debt service disbursements of \$4,728,490.

**FINANCIAL ANALYSIS OF GENERAL FUND BUDGET VERSUS ACTUAL RESULTS**

	Budget		Actual
	Original	Final	
<b>RECEIPTS</b>			
Local	\$ 43,889,167	\$ 36,851,059	\$ 38,141,389
County	2,629,881	2,629,881	2,935,578
State	18,098,203	4,559,997	4,495,086
Federal	14,377,520	15,725,774	10,089,183
Other	348,864	350,864	299,935
<b>TOTAL RECEIPTS</b>	<b>\$ 79,343,635</b>	<b>\$ 60,117,575</b>	<b>\$ 55,961,171</b>
<b>DISBURSEMENTS</b>			
Instruction	\$ 13,048,945	\$ 14,007,628	\$ 11,749,200
Student services	3,699,649	3,765,656	3,761,228
Instructional staff support	4,631,024	4,848,679	4,332,828
Building administration	1,427,448	1,671,398	1,442,061
General administration	3,334,724	3,611,713	1,565,948
Operation of plant	11,501,560	11,560,936	12,609,776
Transportation	5,631,943	4,526,043	4,373,369
Food services	6,476,698	6,660,699	6,452,161
Adult continuing education	319,870	324,046	176,446
Community services	1,599,336	1,551,660	1,691,919
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 51,671,197</b>	<b>\$ 52,528,458</b>	<b>\$ 48,154,936</b>

### **Receipts**

The District originally budgeted total receipts of \$79,343,635. The actual total receipts were \$55,961,171. This represents less receipts than originally budgeted by \$23,382,464, primarily due to local revenue shortfalls and coding changes relating to State funds.

The District's budget reflects a conservative philosophy of management in order to protect the District from unanticipated changes in local, state and federal revenues. While we are affected by reductions in state and federal funding, nearly half of our receipts come from local sources. Local TIF districts continue to impact new commercial revenues. In addition to the concern for local receipts, the state legislature continues to fail to fully fund the state foundation formula. While the new formula is now fully phased in, the complete impact on our budget is not entirely clear. To this point, we have experienced no major changes in the total state monies received or the proportion of state to local receipts generated. We would anticipate some additional changes to the foundation formula as the full impact of the state revenues continue to demonstrate slow growth.

### **Disbursements**

The District's original General Fund budget had total disbursements at \$51,671,197. The actual disbursements were \$48,154,936, which is \$3,516,261 less than originally budgeted.

The District continues to prepare a budget according to Missouri law and adhere to the modified cash basis of accounting. The expenditures of the District are approved by the Board of Education through a budget allocation and with a monthly approval. As mentioned above, funding concerns at all levels of government, budgeted expenditures were carefully monitored, and in some cases reduced in an effort to protect the fund balances against future shortfalls in receipts. During the year, policies and procedures are in place to ensure that the budget is carefully managed and fiscal integrity is maintained. To this end, that efficiency allows for anticipated expenditure amounts to be mitigated, and in some cases not required. This focus and diligence by the entire organization helps to realize lower actual disbursements than originally anticipated and to maintain a healthy fund balance.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets – Modified Cash Basis**

The District uses a modified cash basis of accounting that reflects the capital assets of the District in the financial statements. At June 30, 2016, the District had capital assets, net of depreciation of \$110,291,549. This reflects an increase of \$1,115,236 compared to the balance at June 30, 2015, primarily due to major continuing projects.

**Long-Term Debt – Modified Cash Basis**

The District uses the modified cash basis of accounting. The following is a summary of the long-term debt of the District for the years ended June 30, 2016, 2015, and 2014.

	June 30,		
	2016	2015	2014
LONG-TERM DEBT			
General Obligation Bonds	\$ 51,900,000	\$ 54,650,000	\$ 50,920,000

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health:

- The “new” foundation formula is now fully phased-in but was not fully funded in this fiscal year, and early indications are it will fall some 4% short for fiscal year 2016. The District has budgeted a decrease in formula money for the 2016-17 school year to reflect the deficit.
- Student population variances have a direct impact on the level of state funding. Our student enrollment is staying flat at this time and we anticipate it to continue for the 2016-17 school year.
- State sales tax revenues are up slightly in the current year, but the growth is relatively small and at current growth will have a negligible impact on state funding levels for public schools. The state sales tax is estimated to increase for the 2016-17 school year and the budget will reflect the increase.
- There is a continued desire by all municipalities that are incorporated within the District’s boundaries to extend and enlarge current TIF districts, which will continue to exclude the District from enjoying any new commercial, and possibly some residential, revenue growth generated from those areas. The District has recognized that this is happening in St Joseph and reviews each project for the financial impact to the District.
- To stay competitive in the market place, the District must continue to find ways to fund salary increases and offer quality benefit packages in order to recruit and retain the best staff possible. In 2016-17 the District is doing a compensation study to determine how competitive we are with our salaries and benefits to other surrounding school districts. In hopes to retain highly qualified staff and reduce costly turnover rates.
- Significant increases to workers compensation, property, casualty, and liability insurance premiums are expected for fiscal year 2016. The District has reviewed all insurances at this time and has issued RFP’s in the 2016-17 and has received more competitive pricing to help control costs.

SAINT JOSEPH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
JUNE 30, 2016

- Ongoing State recalculations of the State Adequacy Target (SAT), and the Dollar Value Modifier (DVM) suggest a possible positive impact to the District's revenue stream for the coming fiscal years. Every year we evaluate the SAT and DVM to determine the impact it has on the revenues for the current school year.
- Over the last two years, the SJSD Board of Education, administration and employees have engaged with the Saint Joseph community and worked to correct the problems that previously existed within the District. Many positive changes have been made and the District is beginning to move forward. A previous tax levy was allowed to sunset, in part, due to the various matters that arose from the state audit process. Within the next year or two, the District's Board of Education and administration will be asking the community to recognize the District's positive changes and will propose reinstatement of a tax levy that will provide additional funding needed to better serve the educational needs the students of the District.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Dr. Robert Newhart, Superintendent, 925 Felix, Saint Joseph, MO 64501; telephone: (816) 671-4000.

# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

SAINT JOSEPH SCHOOL DISTRICT  
STATEMENT OF NET POSITION – MODIFIED CASH BASIS  
June 30, 2016

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and investments	\$ 44,806,228
Non-Current Assets	
Non-depreciable assets	
Land	2,444,191
Construction in progress	2,494,092
Depreciable assets	
Buildings and improvements	130,637,250
Furniture and equipment	9,047,907
Vehicles	1,779,730
Accumulated depreciation	<u>(36,111,621)</u>
	<u>110,291,549</u>
<b>TOTAL ASSETS</b>	<b>155,097,777</b>
<b>LIABILITIES</b>	
Current Liabilities	
Current portion of long-term debt obligations	3,000,000
Non-current Liabilities	
General obligation bonds	<u>48,900,000</u>
<b>TOTAL LIABILITIES</b>	<b>51,900,000</b>
<b>NET POSITION</b>	
Net investment in capital assets	58,391,549
Restricted for debt service	4,458,028
Restricted for student activities	844,696
Restricted for bond proceeds	3,781,786
Restricted for professional development	16,695
Unrestricted	<u>35,705,023</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 103,197,777</u></b>

See accompanying notes.

SAINT JOSEPH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
Year Ended June 30, 2016

	Cash Disbursements	Program Cash Receipts			Net (Disbursements)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Position
Governmental Activities:					
Instruction	\$ (72,315,656)	\$ 2,609,610	\$ 6,258,735	\$ 274,573	\$ (63,172,738)
Student services	(7,218,067)	-	343,158	-	(6,874,909)
Instructional staff support	(8,737,361)	-	576,023	-	(8,161,338)
Building administration	(5,619,280)	-	-	-	(5,619,280)
General administration	(2,035,552)	-	-	-	(2,035,552)
Operation of plant	(11,912,966)	-	-	-	(11,912,966)
Transportation	(4,391,937)	-	994,229	-	(3,397,708)
Food services	(6,508,259)	1,196,359	4,767,829	-	(544,071)
Adult continuing education	(764,805)	754,020	-	-	(10,785)
Community services	(2,431,610)	12,129	1,650,862	-	(768,619)
Debt service	(1,978,490)	-	-	-	(1,978,490)
<b>NET PROGRAM (DISBURSEMENTS) RECEIPTS</b>	<b>\$ (123,913,983)</b>	<b>\$ 4,572,118</b>	<b>\$ 14,590,836</b>	<b>\$ 274,573</b>	<b>(104,476,456)</b>
General Receipts:					
Ad valorem tax receipts					35,568,642
Prop C sales tax receipts					11,429,204
Other tax receipts					2,546,652
County receipts					3,497,978
State receipts					43,033,597
Interest receipts					819,077
Other receipts					1,063,742
<b>TOTAL GENERAL RECEIPTS</b>					<b>97,958,892</b>
Special Item:					
Gain on sale of other property					146,396
<b>TOTAL SPECIAL ITEMS</b>					<b>146,396</b>
<b>(DECREASE) IN NET POSITION</b>					<b>(6,371,168)</b>
NET POSITION - Beginning of year					109,568,945
NET POSITION - End of year					<b>\$ 103,197,777</b>

See accompanying notes.

## **FUND FINANCIAL STATEMENTS**



SAINT JOSEPH SCHOOL DISTRICT  
STATEMENT OF ASSETS AND FUND BALANCES – MODIFIED CASH BASIS  
June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Bond Capital Projects Fund	Other Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 26,349,557	\$ -	\$ 4,458,028	\$ 3,781,786	\$ 10,216,857	\$ 44,806,228
TOTAL ASSETS	<u>\$ 26,349,557</u>	<u>\$ -</u>	<u>\$ 4,458,028</u>	<u>\$ 3,781,786</u>	<u>\$ 10,216,857</u>	<u>\$ 44,806,228</u>
<b>FUND BALANCES</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 4,458,028	\$ -	\$ -	\$ 4,458,028
Student activities	844,696	-	-	-	-	844,696
Bond proceeds	-	-	-	3,781,786	-	3,781,786
Professional development	16,695	-	-	-	-	16,695
Assigned to:						
Capital outlay	-	-	-	-	10,216,857	10,216,857
BCBS terminal liability	1,887,023	-	-	-	-	1,887,023
Unassigned	23,601,143	-	-	-	-	23,601,143
TOTAL FUND BALANCES	<u>\$ 26,349,557</u>	<u>\$ -</u>	<u>\$ 4,458,028</u>	<u>\$ 3,781,786</u>	<u>\$ 10,216,857</u>	<u>\$ 44,806,228</u>

See accompanying notes.

SAINT JOSEPH SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS AND FUND  
 BALANCES TO THE STATEMENT OF NET POSITION  
 June 30, 2016

Fund balance - total governmental funds	\$ 44,806,228
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund:	
Governmental capital assets	146,403,170
Less accumulated depreciation	<u>(36,111,621)</u>
	110,291,549
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund	<u>(51,900,000)</u>
Net position of governmental activities	<u><u>\$ 103,197,777</u></u>

See accompanying notes.

SAINT JOSEPH SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS – MODIFIED CASH BASIS  
Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Bond Capital Projects Fund	Other Capital Projects Fund	Total Governmental Funds
<b>RECEIPTS</b>						
Local	\$ 38,141,389	\$ 13,993,515	\$ 3,331,455	\$ 214,141	\$ 19,000	\$ 55,699,500
County	2,935,578	164,319	398,081	-	-	3,497,978
State	4,495,086	43,033,597	-	-	281,140	47,809,823
Federal	10,089,183	-	-	-	-	10,089,183
Other	299,935	-	-	-	-	299,935
<b>TOTAL RECEIPTS</b>	<b>55,961,171</b>	<b>57,191,431</b>	<b>3,729,536</b>	<b>214,141</b>	<b>300,140</b>	<b>117,396,419</b>
<b>DISBURSEMENTS</b>						
Instruction	11,749,200	56,926,430	-	-	498,467	69,174,097
Student services	3,761,228	2,559,572	-	-	-	6,320,800
Instructional staff support	4,332,828	2,334,052	-	-	2,070,481	8,737,361
Building administration	1,442,061	4,177,219	-	-	-	5,619,280
General administration	1,565,948	469,604	-	-	-	2,035,552
Operation of plant	12,609,776	52,336	-	-	1,816,794	14,478,906
Transportation	4,373,369	-	-	-	18,568	4,391,937
Food services	6,452,161	-	-	-	56,098	6,508,259
Adult continuing education	176,446	588,359	-	-	-	764,805
Community services	1,691,919	739,691	-	-	-	2,431,610
Facilities acquisition and construction	-	-	-	1,729,554	858,568	2,588,122
Debt service	-	-	4,728,490	-	-	4,728,490
<b>TOTAL DISBURSEMENTS</b>	<b>48,154,936</b>	<b>67,847,263</b>	<b>4,728,490</b>	<b>1,729,554</b>	<b>5,318,976</b>	<b>127,779,219</b>
<b>EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>7,806,235</b>	<b>(10,655,832)</b>	<b>(998,954)</b>	<b>(1,515,413)</b>	<b>(5,018,836)</b>	<b>(10,382,800)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of other property	262	-	-	-	146,134	146,396
Operating transfers in	-	10,655,832	-	-	-	10,655,832
Operating transfers (out)	(10,655,832)	-	-	-	-	(10,655,832)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(10,655,570)</b>	<b>10,655,832</b>	<b>-</b>	<b>-</b>	<b>146,134</b>	<b>146,396</b>
<b>(DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)</b>	<b>(2,849,335)</b>	<b>-</b>	<b>(998,954)</b>	<b>(1,515,413)</b>	<b>(4,872,702)</b>	<b>(10,236,404)</b>
FUND BALANCE, July 1, 2015	29,198,892	-	5,456,982	5,297,199	15,089,559	55,042,632
FUND BALANCE, June 30, 2016	\$ 26,349,557	\$ -	\$ 4,458,028	\$ 3,781,786	\$ 10,216,857	\$ 44,806,228

See accompanying notes.

SAINT JOSEPH SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
 FUND BALANCES – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS TO THE STATEMENT OF  
 ACTIVITIES  
 June 30, 2016

Net change in fund balance - total governmental funds \$ (10,236,404)

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

Governmental funds report capital outlays as expenditures. However, in the Statement  
 of Activities, the cost of these assets is allocated over their estimated useful lives on a  
 straight line basis and reported as depreciation expense. The following is the detail of  
 the amount by which capital outlay exceeded depreciation for the year.

Capital outlay	5,293,424
Depreciation	<u>(4,178,188)</u>
	1,115,236

Some expenditures reported in the governmental fund represent the use of current  
 financial resources and were recognized in the statement of activities when incurred:

Payment of bond principal	<u>2,750,000</u>
	<u>2,750,000</u>

Change in net position of governmental activities	<u><u>\$ (6,371,168)</u></u>
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See accompanying notes.

SAINT JOSEPH SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET POSITION – MODIFIED CASH BASIS  
 Year Ended June 30, 2016

		<u>Agency Funds</u>	
		<u>Scholarship</u>	<u>Other</u>
<b>ASSETS</b>			
Cash and investments		\$ 246,777	\$ 1,372
	<b>TOTAL ASSETS</b>	246,777	1,372
<b>LIABILITIES</b>			
Due to others		246,777	1,372
	<b>TOTAL LIABILITIES</b>	<u>\$ 246,777</u>	<u>\$ 1,372</u>

See accompanying notes.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are presented on the modified cash basis of accounting, which is characteristic of local governmental units of this type.

### Financial Reporting Entity

The District is organized under the laws of the State of Missouri and is a primary government governed by an elected seven-director district as described in RSMo Chapter 162, which designates a Board of Education to act as the governing body.

The School District of St. Joseph Board of Education is the basic level of government, which has financial accountability, and control over all activities related to public school education in the District. The Board receives funding from local, state and federal sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental “reporting entity” as defined by GASB pronouncements, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters. In addition, there are no material component units as defined in GASB Statement 61.

### Basis of Presentation

#### *Government-Wide Financial Statements*

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

#### *Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts and disbursements. The governmental funds of the District are all considered major funds by the Department of Elementary and Secondary Education.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

General Fund - Accounts for disbursements for noncertified employees, school transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any disbursements not accounted for in other funds. For purposes of reporting financial information to the State of Missouri on the Annual Secretary of the Board Report, this fund is combined with the activity and balances of the District's Fiduciary Funds.

Special Revenue Fund - Accounts for receipts for certified employees involved in administration and instruction, and includes receipts restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District's tax levy.

Debt Service Fund - Accounts for receipts restricted, committed, or assigned for the retirement of principal and interest on the District's general obligation bonds.

Other Capital Projects Fund - Accounts for taxes and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as defined by State of Missouri statutes. For purposes of reporting financial information to the State of Missouri in the Annual Secretary of the Board Report, this fund has been combined with the Bond Capital Projects Fund.

Bond Capital Projects Fund - Accounts for bond proceeds and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as allowed under definitions contained in each bond transcript. For purposes of reporting financial information to the State of Missouri in the Annual Secretary of the Board Report, this fund has been combined with the Other Capital Projects Fund.

Fiduciary Funds – Fiduciary funds are excluded from the government-wide financial statements because the assets are not available for District operations. In the District's Annual Secretary of the Board Report, these funds are grouped with the District's General Fund activity.

Agency Funds - Accounts for restricted resources, which are not used to support District operations. These activities include resources restricted for providing scholarships to students from the scholarship fund. The Townsend Fund accounts for funds restricted for donor specified purposes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using the modified cash basis of accounting. The modification relates to the presentation of investments, capital assets and related depreciation and long-term debt. Under U.S. GAAP, the District's capital assets and long-term debt would only appear in the government-wide statements. Therefore, the modification to cash basis for capital assets and long-term debt has only been applied to the government-wide statements. This basis recognizes assets, net position/fund equity, receipts and disbursements when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

Capital Outlay

Capital outlay is recorded as disbursements in the Capital Projects Fund at the time the goods received are purchased.

Compensated Absences

Compensated absences are considered expenditures in the year actually paid in the fund financial statements. Vacation time, personal time, and sick leave time are granted to employees as requested or needed according to local Board policy. With the exception of certain accumulated sick leave, the time granted is forfeited if not taken in the period granted. Unused sick leave is payable only to employees retiring under the Public School or Public Education Employee Retirement Systems. This sick leave is payable at the rate of \$20 per day up to 225 days for a maximum of \$4,500.



NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Debt

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

Teachers' Salaries

The salary payment schedule of the District for the 2015-2016 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2016 payroll checks are included in the financial statements as a disbursement in the month of June. This practice has been consistently followed in previous years.

Pooled Cash and Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments that is managed by the District treasurer. Investments of the pooled accounts consist of a depository contract agreement, bank deposits, United States government or agency securities, and from time to time, commercial paper. Interest income earned is allocated to contributing funds based on cash and temporary investment balances.

The District records investments as assets at historical cost.

Inventories

Inventories are valued at cost and consist of food and educational materials. The cost is recorded as a disbursement at the time inventory is purchased

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Post-Employment Benefits

In addition to the pension benefits described in Note 6, the District provides the following post-employment benefits:

*Retiree Benefits* – Retired employees and their dependents are permitted to continue healthcare benefits through the Employee Medical Benefit Trust. Premiums must be paid in full to the Trust by the insured on or before the twentieth (20th) day of the previous month. The cost to the District under this program is the amount by which benefits exceed premiums paid.

*COBRA Benefits* – Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. The federal government outlines certain requirements for this coverage. The premium plus a 2% administration charge must be paid in full by the insured on or before the twentieth (20th) day of the previous month. This program is offered for a duration of 18 months after the termination date. The cost to the District under this program is the amount by which benefits exceed premiums paid.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed by the governmental funds. At year-end, all outstanding encumbrances are canceled and, if properly approved, are issued against the next year's budget.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Equity Classification

In the government-wide financial statements, net position is classified in three components as follows:

*Net Investment in Capital Assets* – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Restricted Net Position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – All other net position that does not meet the definition of “restricted”.

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

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

*Nonspendable fund balance* – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

*Restricted fund balance* – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment.

*Assigned fund balance* – This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* – This fund balance is the residual classification for the General Fund. It is used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

SAINT JOSEPH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the District’s taxpayers are reported as program receipts. These include various grants from the State and Federal governments. All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

NOTE B – CASH AND EQUIVALENTS

State statutes require that the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2016, all bank balances on deposit are entirely insured or collateralized with securities.

NOTE C – INVESTMENTS

The District’s investment policy allows purchase of any investments allowed by the State Treasurer. These include obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than five years from the date of purchase; repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity; or commercial paper issued by domestic corporations, which has received the highest rating by Moody’s Investor Services, Inc. or Standard and Poors’s Corporation.

The District's investments at June 30, 2016, are as follows:

Investment Type	Rating	Interest Rate	Maturity	Cost
Pro-rata shares of investment contracts with BOK Financial through the Missouri School District Direct Deposit Program	N/A	N/A	N/A	\$ 1,932,432
Missouri Securities Investment Program (MOSIP) - Money Market Fund	N/A	0.04%	N/A	2,794,364

SAINT JOSEPH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

NOTE C – INVESTMENTS (continued)

Investment Type	Rating	Interest Rate	Maturity	Cost
Certificates of Deposit - UMB Bank	N/A	.600% - 2.000%	7/26/16 - 12/28/16	13,858,927
Discount Notes at UMB Bank in the name of the District				
FHLMC	Aaa	1.000%	7/25/17	1,008,405
FHLB	Aaa	0.770%	3/17/17	500,000
FHLB	Aaa	1.000%	3/23/18	500,000
FHLB	Aaa	1.000%	2/27/18	2,000,000
FNMA	Aaa	1.000%	9/20/17	2,510,181
FNMA	Aaa	1.000%	9/20/17	2,506,250
FNMA	Aaa	1.000%	11/28/17	3,007,481
FNMA	Aaa	1.000%	12/28/17	3,007,398
FNMA	Aaa	1.100%	3/12/18	2,510,729
				\$ 36,136,167

Investment Contracts with BOK Financial

Funds on deposit with BOK Financial are invested in investment contracts in which the District has a pro-rata share of the investment contract. The investment contracts are in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. The investment contracts are with credit providers whose unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service. These investments are carried at historical cost.

Certificates of Deposit

Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. State statutes require that the District's deposits be collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2016, all certificates of deposit are entirely insured or collateralized with securities.

NOTE C – INVESTMENTS (continued)

Missouri Securities Investment Program

District funds in the Missouri Securities Investment Program are invested in cash management funds in which the District has a pro-rata share. The funds are invested in accordance with Section 165.051 of the Missouri Revised Statutes, and are carried at historical cost.

U.S. Government Agency Obligations

District funds are invested in various U.S. government agency obligations in accordance with the District's investment policy. These investments are stated at historical cost and are rated at least Aaa by Moody's.

Interest Rate Risk

The District's investment policy addresses the following types of risk:

**Custodial credit risk:** For deposits, custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's deposits are either FDIC insured or covered by pledged collateral. The District has an investment banking agreement with UMB Bank, n.a. Based upon this agreement, UMB deposits securities in an amount at least equal in market value of the aggregate amount on deposit less any amount insured by the FDIC. Commerce Bank provides an irrevocable letter of credit from the Federal Home Loan Bank as collateral for the debt service certificate of deposit. The District also has certificates of deposit with various other financial institutions; these institutions also deposit securities in an amount at least equal in market value to the aggregate amount on deposit less any amount insured by the FDIC.

At June 30, 2016, the bank balances of the District's deposits totaled \$20.6 million. Of this amount, \$500,000 was covered by FDIC insurance and \$20.1 million was supported by collateral in custody at the Federal Reserve Bank. The District also had investments of \$31.4 million in securities which are held in the District's name. The deposits of \$1.9 million in the Missouri School District Direct Deposit Program (to provide funds for bond payments) are collateralized by the Bank as a group for all schools included in the program.

**Interest rate risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District has a formal investment policy that minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter term securities.

SAINT JOSEPH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

NOTE C – INVESTMENTS (continued)

Credit risk: Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The District’s investment policy limits credit risk by requiring diversification and pre-qualification of financial institutions, brokers/dealers, intermediaries, and advisors with which the District will do business.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a specific maturity, issuer or class of security. The District’s investment policy includes minimum diversification standards by security type and issuer and maximum maturity provisions. Investments in securities of any one issuer representing 5% or more of total investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percent</u>
Federal National Mortgage Association	Federal Securities Agency	37%
Federal Home Loan Bank	Federal Securities Agency	8%

NOTE D – TAXES

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

The District also receives sales tax collected by the State and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year unless the voters have approved a waiver of the rollback provision. The District has voted a waiver of the rollback provision.

The assessed valuation of the tangible taxable property for the calendar year 2015 for purposes of local taxation was:

Real estate	\$ 759,556,940
Personal property	<u>277,275,682</u>
	<u><u>\$ 1,036,832,622</u></u>

The District also receives sales tax collected by the State and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales taxes estimated to be received in the subsequent calendar year unless the voters approved a waiver of the rollback provision. The District voters have not approved any waiver of the rollback provision.

SAINT JOSEPH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

NOTE D – TAXES (continued)

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2015 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.6339	\$ 3.1171
Debt Service Fund	.3145	.3145
	<u>\$ 3.9484</u>	<u>\$ 3.4316</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2016, aggregated approximately 100 percent of the current assessment computed on the basis of the levy as shown above.

NOTE E – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at June 30, 2016, consists of:

\$16,850,000 Series 2005 general obligation refunding bond issue dated May 5, 2005, due in varying annual installments through March 1, 2019; interest at 4.0% to 5.25%.	\$ 9,900,000
\$9,980,000 Series 2012A general obligation building bond issue dated September 11, 2012, due in varying annual installments through June 30, 2032; interest at 2.3% to 3.0%.	9,980,000
\$1,130,000 Series 2012B taxable general obligation qualified zone academy bond issue dated September 11, 2012, due in varying annual installments through March 1, 2027; interest at .760%.	1,130,000
\$21,890,000 Series 2013A general obligation building bond issue dated April 23, 2013, due in varying annual installments through March 1, 2031; interest at 2.07% to 4.0%.	21,890,000
\$2,720,000 Series 2013B taxable general obligation qualified zone academy bond issue dated December 19, 2013, due in varying annual installments through March 1, 2022; interest at 1.16%.	2,720,000
\$6,280,000 Series 2014 general obligation building bond issue dated October 30, 2014, due in varying annual installments through March 1, 2034; interest at 4.00%.	6,280,000
	<u>\$ 51,900,000</u>



SAINT JOSEPH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

NOTE E – GENERAL OBLIGATION BONDS PAYABLE (continued)

The following is a summary of bond transactions for the year ended June 30, 2016:

Bonds Payable, July 1, 2015	\$ 54,650,000
Bonds issued	-
Bonds retired	(2,750,000)
Bonds Payable, June 30, 2016	<u>\$ 51,900,000</u>

Debt service requirements are:

Year Ended June 30,	Principal	Interest	Total
2017	\$ 3,000,000	\$ 1,831,015	\$ 4,831,015
2018	3,300,000	1,673,515	4,973,515
2019	3,600,000	1,500,265	5,100,265
2020	2,190,000	1,311,265	3,501,265
2021	2,300,000	1,266,015	3,566,015
2022	2,300,000	1,213,165	3,513,165
2023	2,400,000	1,131,165	3,531,165
2024	2,500,000	1,035,165	3,535,165
2025	2,600,000	935,165	3,535,165
2026	2,700,000	831,165	3,531,165
2027	2,830,000	723,165	3,553,165
2028	4,265,000	646,577	4,911,577
2029	4,355,000	557,043	4,912,043
2030	3,005,000	462,075	3,467,075
2031	2,500,000	379,950	2,879,950
2032	2,575,000	301,450	2,876,450
2033	2,680,000	219,200	2,899,200
2034	2,800,000	112,000	2,912,000
	<u>\$ 51,900,000</u>	<u>\$ 16,129,360</u>	<u>\$ 68,029,360</u>

SAINT JOSEPH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

NOTE E – GENERAL OBLIGATION BONDS PAYABLE (continued)

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

Constitutional debt limit	\$ 155,524,893
General obligation bonds payable	(51,900,000)
Amount available in Debt Service Fund	<u>4,458,028</u>
LEGAL DEBT MARGIN	<u><u>\$ 108,082,921</u></u>

NOTE F – RETIREMENT PLANS

**Public School Retirement System of Missouri and Public Education Employee Retirement System of Missouri**

Summary of Significant Accounting Policies

Financial reporting information included in the notes to the financial statements pertaining to the District's participation in the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri (PSRS and PEERS, also referred to as the Systems) are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* as applicable to the District's modified cash basis of accounting.

The financial statements were prepared using the modified cash basis of accounting. Therefore, member and employer contributions are recognized when paid and the District's net pension liability, deferred outflows and inflows of resources related to pensions are not recorded in these financial statements.

NOTE F – RETIREMENT PLANS (continued)

General Information about the Pension Plan

*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 Sections 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.

*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.

*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 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 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.

NOTE F – RETIREMENT PLANS (continued)

*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.

Summary Plan descriptions detailing the provisions of the plans can be found on the Systems’ website at [www.psr-peers.org](http://www.psr-peers.org).

*Cost-of-Living Adjustments (“COLA”).* The Board of Trustees 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 PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

*Contributions.* PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2016. 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.

*Contributions.* PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2016. 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 PSRS and PEERS were \$8,297,421 and \$1,527,679, respectively, for the year ended June 30, 2016.

NOTE F – RETIREMENT PLANS (continued)

Pension Liability

At June 30, 2016, the District had a liability of \$72,305,073 for its proportionate share of PSRS' net pension liability and \$7,552,780 for its proportionate share of PEERS' net pension liability. In total the District had a net pension liability of \$79,857,853. The net pension liability for the plans in total was measured as of June 30, 2015, 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 paid to PSRS and PEERS of \$8,223,004 and \$1,468,690, respectively, for the year ended June 30, 2015, relative to the actual contributions of \$656,578,122 for PSRS and \$102,864,099 for PEERS from all participating employers. At June 30, 2016, the District's proportionate share was 1.2525% for PSRS and 1.4280% for PEERS.

Actuarial Assumptions

Actuarial valuations of the Systems 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, 2015
- Valuation Date – June 30, 2015
- Expected Return on Investments – 8.00%, net of investment expenses and including 2.5% inflation
- Inflation – 2.50%
- Total Payroll Growth
  - PSRS – 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.
  - PEERS – 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
  - PSRS – 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%.
  - PEERS – 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%.

NOTE F – RETIREMENT PLANS (continued)

- Cost-Of-Living Increases
  - PSRS – 2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase.
  - PEERS – 2.0% compounded annually, beginning on the fourth January after retirement and capped at 80% lifetime increase.
- Mortality Assumption:
  - Actives
    - PSRS – RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
    - PEERS – 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
    - PSRS – RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
    - PEERS – RP 2000 Mortality Table set forward one year for males and no set back/forward for females, then projected to 2016 using Scale AA.
  - Disabled Retirees
    - PSRS – RP 2000 Disabled Mortality Table
    - PEERS – RP 2000 Disabled Mortality Table
- Changes in Actuarial Assumptions and Methods – There were no changes in actuarial assumptions or methods for the June 30, 2015, valuation.
- Fiduciary Net Position – The Systems issue a publicly available financial report that can be obtained at [www.psr-peers.org](http://www.psr-peers.org).
- Expected Rate of Return – The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2015, is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cashflows.

SAINT JOSEPH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE F – RETIREMENT PLANS (continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Return Arithmetic Basis</u>	<u>Weighted Long-Term Expected Real Return Arithmetic Basis</u>
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 covariance 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, 2015, and is consistent with the long-term expected geometric return on the Systems’ 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 Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.
- Discount Rate Sensitivity – The sensitivity of the District’s net pension 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.

SAINT JOSEPH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

NOTE F – RETIREMENT PLANS (continued)

PSRS

Discount Rate	<u>1% Decrease (7.00%)</u>	<u>Current Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Proportionate share of the Net Pension Liability / (Asset)	\$ 132,982,182	\$ 72,305,073	\$ 21,343,064

PEERS

Discount Rate	<u>1% Decrease (7.00%)</u>	<u>Current Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Proportionate share of the Net Pension Liability / (Asset)	\$ 15,247,819	\$ 7,552,780	\$ 1,047,290

NOTE G – CLAIMS AND ADJUSTMENTS

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the District may be required to reimburse the grantor government. As of June 30, 2016, disbursements have not been audited by grantor governments, but the District believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE H – RISK MANAGEMENT

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



SAINT JOSEPH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

NOTE I – INTERFUND TRANSFERS

Transfers between funds of the District for the year ended June 30, 2016, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 10,655,832
Special Revenue Fund	<u>10,655,832</u>	<u>-</u>
	<u>\$ 10,655,832</u>	<u>\$ 10,655,832</u>

The District is required to make a transfer from the General Fund to the Special Revenue Fund to cover the excess of disbursements over receipts each year.

NOTE J – CAPITAL ASSETS

Capital assets are acquired in the capital projects governmental fund. In the fund financial statements, they are recorded as expenditures. For the District-wide financial statements, the District’s policy is to capitalize all capital assets or improvements that exceed a capitalization threshold of \$5,000 and an estimated useful life of more than one year.

All capital assets purchased after July 1, 2001 are recorded at cost. Assets purchased from proceeds of bonds issued in 2000 have been recorded at cost, and allocated between buildings if the specific building cost could not be determined. For all other capital assets, the District has used cost or estimated historical cost for acquisitions prior to 2001. Donated fixed assets are not recorded under the District’s modified cash basis of accounting.

During fiscal 1999, the District revised its system of keeping track of fixed assets. Information was gathered from each building location regarding fixed assets and a new database was created. The system used reporting by users as its source of information rather than purchase information. Items not reported are not included in the data. Original purchase dates were not available for many items and dates and costs are estimated using current costs for similar items discounted to the estimated time of purchase.

SAINT JOSEPH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

NOTE J – CAPITAL ASSETS (continued)

In fiscal 2003 and thereafter, purchase information has been used to identify capital assets. Construction interest is not included in building costs. Retirements and dispositions are based on reporting by users.

Depreciation is calculated using the straight-line method over the following estimated useful lives beginning with the actual or estimated month of purchase:

Buildings and Improvements	40-60 years	
Land Improvements	10 years	
School Buses	8 years	(the same as for state reporting)
Autos and Trucks	10 years	
Furniture and Fixtures	10 years	
Equipment	10 years	
Computers and Related Equipment	5 years	

Depreciation expense in the Statement of Activities is charged directly to the appropriate function or activity. Building depreciation is allocated 76% to Instruction, 21% to Support Services, and 3% to non-Instructional/Support Services. Depreciation expense for the years ended June 30 was charged to functions/programs of governmental activities as follows:

	<u>2016</u>	<u>2015</u>
Instruction	\$ 3,174,259	\$ 2,293,769
Support Services	897,267	648,379
Non-Instruction / Support Services	<u>139,362</u>	<u>100,705</u>
TOTAL	<u>\$ 4,210,888</u>	<u>\$ 3,042,853</u>

SAINT JOSEPH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

NOTE J – CAPITAL ASSETS (continued)

The following tables detail the changes in the District’s capital assets for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<b><u>Governmental Activities:</u></b>				
Non-depreciable assets				
Land	\$ 2,444,191	\$ -	\$ -	\$ 2,444,191
Construction in progress	12,576,360	2,402,410	12,484,678	2,494,092
Total non-depreciable assets	15,020,551	<u>\$ 2,402,410</u>	<u>\$ 12,484,678</u>	4,938,283
Depreciable				
Buildings and improvements	115,354,711	\$ 15,282,539	\$ -	130,637,250
Equipment and furniture	8,954,754	125,853	32,700	9,047,907
Vehicles	1,779,730	-	-	1,779,730
Total depreciable assets	126,089,195	<u>\$ 15,408,392</u>	<u>\$ 32,700</u>	141,464,887
Less Accumulated Depreciation	31,933,433	<u>\$ 4,210,888</u>	<u>\$ 32,700</u>	36,111,621
Total depreciable capital assets, net of depreciation	94,155,762			<u>105,353,266</u>
Capital assets, net of depreciation	<u>\$ 109,176,313</u>			<u>\$ 110,291,549</u>

NOTE K – POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note F, the District makes available post-retirement healthcare benefits to all employees who retire from the District. Participation by retirees in the District health plan is subject to terms and conditions set forth in the Board policy. The cost of the coverage is charged to the retiree at a blended rate for all employees. The District has not made a formal evaluation or projection on the future cost of the existing health care benefit plan in relation to retirees.

NOTE L – MODIFIED COST PLUS INSURANCE CONTRACT

The District has a modified cost plus contract for employee health insurance. As part of the contract there is a terminal liability maximum maintained by the District in cash reserves. The amount of \$1,887,023 is approximately two months average expenses multiplied by certain factors. The amount is reflected in the financial statements as cash and assigned fund balance for BCBS terminal liability.

NOTE M – DEFERRED COMPENSATION PLAN

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457(b). The plans, available to all District employees, permit participants 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.

The District funds all amounts of compensation deferred under the plan, at the direction of the covered employee, through investments in individual annuity contracts and custodial accounts for regulated investment company stocks offered by various investment companies.

## **SUPPLEMENTARY INFORMATION**

SAINT JOSEPH SCHOOL DISTRICT  
 SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS – PSRS AND PEERS  
 Year Ended June 30, 2016

**Public School Retirement System (PSRS)**

<u>Year Ended*</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2015	1.2266%	\$ 50,322,190	\$ 54,848,538	91.75%	89.34%
6/30/2016	1.2525%	72,305,073	57,071,578	126.69%	85.78%

**Public Education Employee Retirement System (PEERS)**

<u>Year Ended*</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2015	1.4314%	\$ 5,226,985	\$ 20,874,007	25.04%	91.33%
6/30/2016	1.4280%	7,552,780	21,412,378	35.27%	88.28%

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

\*The data provided in these schedules is based as of the measurement date of the Systems' net pension liability, which is as of the beginning of the District's fiscal year.

SAINT JOSEPH SCHOOL DISTRICT  
SCHEDULES OF EMPLOYER CONTRIBUTIONS – PSRS AND PEERS  
Year Ended June 30, 2016

**Public School Retirement System (PSRS)**

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess / (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2013	\$ 7,910,767	\$ 7,910,767	\$ -	\$ 54,987,561	14.39%
6/30/2014	7,898,983	7,898,983	-	54,848,538	14.40%
6/30/2015	8,223,004	8,223,004	-	55,992,128	14.69%
6/30/2016	8,297,421	8,297,421	-	57,626,808	14.40%

**Public Education Employee Retirement System (PEERS)**

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess / (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2013	\$ 1,405,941	\$ 1,405,941	\$ -	\$ 20,494,783	6.86%
6/30/2014	1,431,957	1,431,957	-	20,874,007	6.86%
6/30/2015	1,468,690	1,468,690	-	21,409,456	6.86%
6/30/2016	1,527,679	1,527,679	-	22,269,400	6.86%

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

SAINT JOSEPH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>RECEIPTS</b>				
Local	\$ 43,889,167	\$ 36,851,059	\$ 38,141,389	\$ 1,290,330
County	2,629,881	2,629,881	2,935,578	305,697
State	18,098,203	4,559,997	4,495,086	(64,911)
Federal	14,377,520	15,725,774	10,089,183	(5,636,591)
Other	348,864	350,864	299,935	(50,929)
<b>TOTAL RECEIPTS</b>	<b>79,343,635</b>	<b>60,117,575</b>	<b>55,961,171</b>	<b>(4,156,404)</b>
<b>DISBURSEMENTS</b>				
Instruction	13,048,945	14,007,628	11,749,200	2,258,428
Student services	3,699,649	3,765,656	3,761,228	4,428
Instructional staff support	4,631,024	4,848,679	4,332,828	515,851
Building administration	1,427,448	1,671,398	1,442,061	229,337
General administration	3,334,724	3,611,713	1,565,948	2,045,765
Operation of plant	11,501,560	11,560,936	12,609,776	(1,048,840)
Transportation	5,631,943	4,526,043	4,373,369	152,674
Food services	6,476,698	6,660,699	6,452,161	208,538
Adult continuing education	319,870	324,046	176,446	147,600
Community services	1,599,336	1,551,660	1,691,919	(140,259)
<b>TOTAL DISBURSEMENTS</b>	<b>51,671,197</b>	<b>52,528,458</b>	<b>48,154,936</b>	<b>4,373,522</b>
<b>EXCESS OF RECEIPTS OVER DISBURSEMENTS</b>	<b>27,672,438</b>	<b>7,589,117</b>	<b>7,806,235</b>	<b>217,118</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of other property	-	-	262	(262)
Operating transfers (out)	(35,699,144)	(11,663,216)	(10,655,832)	1,007,384
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(35,699,144)</b>	<b>(11,663,216)</b>	<b>(10,655,570)</b>	<b>1,007,122</b>
<b>(DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)</b>	<b>(8,026,706)</b>	<b>(4,074,099)</b>	<b>(2,849,335)</b>	<b>1,224,240</b>
FUND BALANCE, July 1, 2015	29,198,892	29,198,892	29,198,892	-
FUND BALANCE, June 30, 2016	<u>\$ 21,172,186</u>	<u>\$ 25,124,793</u>	<u>\$ 26,349,557</u>	<u>\$ 1,224,240</u>



SAINT JOSEPH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND  
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
RECEIPTS				
Local	\$ 4,226,952	\$ 14,013,928	\$ 13,993,515	\$ (20,413)
County	209,029	209,029	164,319	(44,710)
State	28,477,549	42,834,735	43,033,597	198,862
Federal	-	21,621	-	(21,621)
TOTAL RECEIPTS	<u>32,913,530</u>	<u>57,079,313</u>	<u>57,191,431</u>	<u>112,118</u>
DISBURSEMENTS				
Instruction	57,465,763	57,583,704	56,926,430	657,274
Student services	2,576,390	2,579,820	2,559,572	20,248
Instructional staff support	2,268,692	2,287,626	2,334,052	(46,426)
Building administration	4,385,671	4,353,771	4,177,219	176,552
General administration	464,280	477,331	469,604	7,727
Operation of plant	65,046	65,045	52,336	12,709
Adult continuing education	762,430	769,430	588,359	181,071
Community services	624,402	625,802	739,691	(113,889)
TOTAL DISBURSEMENTS	<u>68,612,674</u>	<u>68,742,529</u>	<u>67,847,263</u>	<u>895,266</u>
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(35,699,144)	(11,663,216)	(10,655,832)	1,007,384
OTHER FINANCING SOURCES				
Operating transfers in	<u>35,699,144</u>	<u>11,663,216</u>	<u>10,655,832</u>	<u>(1,007,384)</u>
EXCESS OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	-	-	-	-
FUND BALANCE, July 1, 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SAINT JOSEPH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND  
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 3,764,292	\$ 3,195,020	\$ 3,331,455	\$ 136,435
County	394,205	394,205	398,081	3,876
TOTAL RECEIPTS	4,158,497	3,589,225	3,729,536	140,311
DISBURSEMENTS				
Debt service	4,728,828	4,728,828	4,728,490	338
TOTAL DISBURSEMENTS	4,728,828	4,728,828	4,728,490	338
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(570,331)	(1,139,603)	(998,954)	140,649
FUND BALANCE, July 1, 2015	5,456,982	5,456,982	5,456,982	-
FUND BALANCE, June 30, 2016	<u>\$ 4,886,651</u>	<u>\$ 4,317,379</u>	<u>\$ 4,458,028</u>	<u>\$ 140,649</u>

SAINT JOSEPH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE – BOND CAPITAL PROJECTS FUND  
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 208,600	\$ 233,600	\$ 214,141	\$ (19,459)
TOTAL RECEIPTS	208,600	233,600	214,141	(19,459)
DISBURSEMENTS				
Facilities acquisition and construction	1,800,000	4,071,525	1,729,554	2,341,971
TOTAL DISBURSEMENTS	1,800,000	4,071,525	1,729,554	2,341,971
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(1,591,400)	(3,837,925)	(1,515,413)	2,322,512
FUND BALANCE, July 1, 2015	5,297,199	5,297,199	5,297,199	-
FUND BALANCE, June 30, 2016	\$ 3,705,799	\$ 1,459,274	\$ 3,781,786	\$ 2,322,512

SAINT JOSEPH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND  
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
RECEIPTS				
Local	\$ 2,583,898	\$ 502,768	\$ 19,000	\$ (483,768)
State	692,366	322,660	281,140	(41,520)
Federal	227,500	227,500	-	(227,500)
Other	2,617	30,000	-	(30,000)
TOTAL RECEIPTS	3,506,381	1,082,928	300,140	(782,788)
DISBURSEMENTS				
Instruction	511,564	544,264	498,467	45,797
Student services	1,800	1,800	-	1,800
Instructional staff support	2,718,661	2,718,661	2,070,481	648,180
General administration	7,500	7,500	-	7,500
Operation of plant	2,457,871	2,686,071	1,816,794	869,277
Transportation	15,000	19,000	18,568	432
Food services	65,000	65,000	56,098	8,902
Facilities acquisition and construction	1,742,480	1,822,480	858,568	963,912
Debt service	-	5,500	-	5,500
TOTAL DISBURSEMENTS	7,519,876	7,870,276	5,318,976	2,551,300
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(4,013,495)	(6,787,348)	(5,018,836)	1,768,512
OTHER FINANCING SOURCES				
Sale of other property	-	-	146,134	146,134
(DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	(4,013,495)	(6,787,348)	(4,872,702)	1,914,646
FUND BALANCE, July 1, 2015	15,089,559	15,089,559	15,089,559	-
FUND BALANCE, June 30, 2016	\$ 11,076,064	\$ 8,302,211	\$ 10,216,857	\$ 1,914,646

SAINT JOSEPH SCHOOL DISTRICT  
NOTE TO BUDGETARY COMPARISON SCHEDULES  
June 30, 2016

Budgets and Budgetary Accounting

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

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- 2) Prior to July, the Director of Finance, who serves as the Budget Officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- 4) Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education. Individual amendments were not material to the original appropriations, which were amended.
- 6) Budgets for District funds are prepared and adopted on the modified cash basis (budget basis).

## **OTHER FINANCIAL INFORMATION**

SAINT JOSEPH SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS BY SOURCE  
Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>LOCAL</b>					
Current taxes	\$ 30,904,980	\$ -	\$ 3,118,166	\$ -	\$ 34,023,146
Delinquent taxes	1,426,284	-	119,212	-	1,545,496
School district trust fund (Prop C)	-	11,429,204	-	-	11,429,204
Financial institution tax	-	123,263	-	-	123,263
M & M surcharge taxes	-	2,423,389	-	-	2,423,389
Tuition from individuals	7,860	-	-	-	7,860
Tuition - post secondary	754,020	-	-	-	754,020
Earnings on investments	718,946	513	94,077	5,541	819,077
Food service program	943,694	-	-	-	943,694
Food service non-program	252,665	-	-	-	252,665
Student activities	2,301,815	-	-	-	2,301,815
Community services	12,129	-	-	-	12,129
Other	775,147	17,146	-	227,600	1,019,893
<b>TOTAL LOCAL</b>	<b>38,097,540</b>	<b>13,993,515</b>	<b>3,331,455</b>	<b>233,141</b>	<b>55,655,651</b>
<b>COUNTY</b>					
Fines, escheats, etc.	-	164,319	-	-	164,319
State assessed utilities	2,935,578	-	398,081	-	3,333,659
<b>TOTAL COUNTY</b>	<b>2,935,578</b>	<b>164,319</b>	<b>398,081</b>	<b>-</b>	<b>3,497,978</b>
<b>STATE</b>					
Basic formula - state monies	-	38,795,357	-	-	38,795,357
Transportation	903,484	-	-	-	903,484
Early childhood special education	1,580,627	-	-	6,567	1,587,194
Basic formula - classroom trust fund	-	4,238,240	-	-	4,238,240
Career education / At risk	20,000	-	-	-	20,000
Educational screening program	449,699	-	-	-	449,699
Vocational	636,053	-	-	-	636,053
Food service	44,780	-	-	-	44,780
Adult education & literacy (AEL)	329,205	-	-	-	329,205
Voc/Tech Ed enhancement grant	-	-	-	274,573	274,573
Residential placement/Excess cost	13,905	-	-	-	13,905
Readers for the blind	387	-	-	-	387
High need fund	456,284	-	-	-	456,284
Other	60,662	-	-	-	60,662
<b>TOTAL STATE</b>	<b>4,495,086</b>	<b>43,033,597</b>	<b>-</b>	<b>281,140</b>	<b>47,809,823</b>

SAINT JOSEPH SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS BY SOURCE (continued)  
Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>FEDERAL</b>					
Medicaid	485,333	-	-	-	485,333
Reserve officer training corps (ROTC)	193,786	-	-	-	193,786
Voc Ed Act - Title I, Basic Grant	15,131	-	-	-	15,131
Adult education and literacy (AEL)	193,222	-	-	-	193,222
IDEA Grants	47,744	-	-	-	47,744
IDEA	1,204,753	-	-	-	1,204,753
Early childhood special education	344,390	-	-	-	344,390
School lunch program	3,180,497	-	-	-	3,180,497
School breakfast program	1,368,672	-	-	-	1,368,672
After school snack program	9,330	-	-	-	9,330
Fresh fruits and vegetable program	164,550	-	-	-	164,550
ESEA, Title I	1,750,449	-	-	-	1,750,449
Title I, Part C - migrant education	64,570	-	-	-	64,570
ESEA, Title III	120,737	-	-	-	120,737
Education for homeless children & youth	112,293	-	-	-	112,293
ESEA, Title II, Part A	306,004	-	-	-	306,004
Pell grants	308,142	-	-	-	308,142
Other	219,580	-	-	-	219,580
TOTAL FEDERAL	10,089,183	-	-	-	10,089,183
<b>OTHER SOURCES</b>					
Sale of other property	262	-	-	146,134	146,396
Tuition from other districts	68,000	-	-	-	68,000
Area voc fees from other LEAs	231,935	-	-	-	231,935
TOTAL OTHER SOURCES	300,197	-	-	146,134	446,331
TOTAL RECEIPTS	<u>\$ 55,917,584</u>	<u>\$ 57,191,431</u>	<u>\$ 3,729,536</u>	<u>\$ 660,415</u>	<u>\$ 117,498,966</u>

The above presentation is in the form of the Annual Secretary of the Board Report (ASBR). For purposes of reporting financial information, the District's fiduciary fund activity is included in the General Fund for the ASBR while the District's Bond Capital Projects Fund and Other Capital Projects Fund have been combined on the ASBR.



SAINT JOSEPH SCHOOL DISTRICT  
SCHEDULE OF DISBURSEMENTS BY OBJECT  
Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Salaries	\$ 19,899,324	\$ 51,539,670	\$ -	\$ -	\$ 71,438,994
Teacher retirement	112,737	8,152,576	-	-	8,265,313
Non-teacher retirement	1,519,322	3,801	-	-	1,523,123
Old age survivor and disability (OASDI)	1,151,122	140,198	-	-	1,291,320
Medicare	271,989	720,633	-	-	992,622
Employee insurance	4,832,235	7,290,385	-	-	12,122,620
Tuition	588,097	-	-	-	588,097
Professional services	216,492	-	-	-	216,492
Audit	35,230	-	-	-	35,230
Technical services	2,850,130	-	-	-	2,850,130
Legal services	243,930	-	-	-	243,930
Property services	983,186	-	-	-	983,186
Contracted transportation to and from school	2,687,461	-	-	-	2,687,461
Other contracted pupil transportation	361,456	-	-	-	361,456
Travel	450,258	-	-	-	450,258
Property insurance	378,942	-	-	-	378,942
Judgements against LEA	29,450	-	-	-	29,450
Other purchased services	1,774,809	-	-	-	1,774,809
General supplies	3,726,971	-	-	-	3,726,971
Regular textbooks	883,040	-	-	-	883,040
Library books	96,220	-	-	-	96,220
Food service - food only	2,767,831	-	-	-	2,767,831
Energy supplies	2,221,113	-	-	-	2,221,113
Other supplies	73,591	-	-	-	73,591
Buildings	-	-	-	3,610,758	3,610,758
Improvement to sites	-	-	-	774,981	774,981
Equipment - general	-	-	-	1,682,195	1,682,195
Equipment - instructional	-	-	-	962,028	962,028
School buses	-	-	-	18,568	18,568
Principal	-	-	2,750,000	-	2,750,000
Interest	-	-	1,975,390	-	1,975,390
Other	-	-	3,100	-	3,100
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 48,154,936</b>	<b>\$ 67,847,263</b>	<b>\$ 4,728,490</b>	<b>\$ 7,048,530</b>	<b>\$ 127,779,219</b>

The above presentation is in the form of the Annual Secretary of the Board Report (ASBR). For purposes of reporting financial information, the District's fiduciary fund activity is included in the General Fund for the ASBR while the District's Bond Capital Projects Fund and Other Capital Projects Fund have been combined on the ASBR.

SAINT JOSEPH SCHOOL DISTRICT  
 SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID  
 Year Ended June 30, 2016

	<u>Contracted</u>	<u>District Owned</u>	<u>Contracted Disabled</u>	<u>Disabled District Owned</u>	<u>Total</u>
Non-certified salaries	\$ 32,200	\$ -	\$ -	\$ 600,303	\$ 632,503
Employee benefits	7,080	-	-	390,549	397,629
Purchased services	2,842,013	-	206,905	8,492	3,057,410
Supplies	152,153	64	-	44,246	196,463
Depreciation, net of adjustment	5,984	-	-	-	5,984
	<u>\$ 3,039,430</u>	<u>\$ 64</u>	<u>\$ 206,905</u>	<u>\$ 1,043,590</u>	<u>\$ 4,289,989</u>
 School buses purchased					 <u>\$ 18,568</u>

## **OTHER REQUIRED REPORTS**



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

Board of Education  
Saint Joseph School District  
Saint Joseph, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Saint Joseph School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Saint Joseph School District's basic financial statements and have issued our report thereon dated December 14, 2016.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. They are identified as items 2016-001 to 2016-009.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Saint Joseph School 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 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 entity'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.

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
December 14, 2016



## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education  
Saint Joseph School District  
Saint Joseph, Missouri

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

We have audited Saint Joseph School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Saint Joseph School District's major federal programs for the year ended June 30, 2016. The Saint Joseph School 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.

### **Auditors' Responsibility**

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

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

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Member of The Leading Edge Alliance

### **Basis for Qualified Opinion on the Student Financial Assistance Cluster**

As described in the accompanying schedule of findings and questioned costs, the Saint Joseph School District did not comply with requirements regarding CFDA 84.063 Pell Grants and CFDA 84.268 Federal Direct Student Loans as described in findings 2016-010 through 2016-012 for proper program selection in previous years, proper reporting of change of enrollment status, for timely return of Title IV funds, and for proper right to cancel notification, respectively. Compliance with such requirements is necessary in our opinion, for the Saint Joseph School District to comply with the requirements applicable to that program.

### **Qualified Opinion on the Student Financial Assistance Cluster**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Saint Joseph School District complied in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on the Student Financial Aid Cluster for the year ended June 30, 2016.

### **Unmodified Opinion on the Other Major Federal Programs**

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

### **Other Matters**

The Saint Joseph School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Saint Joseph School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

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

Board of Education  
Saint Joseph School District  
Saint Joseph, Missouri

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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs, identified as item 2016-013, to be a material weakness.

The Saint Joseph School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Saint Joseph School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
December 14, 2016



SAINT JOSEPH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number or Other Identifying Number	Passed-through to Subrecipients	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	2015IN109943	\$ -	\$ 327,949
		2016N109943	-	1,040,724
			-	1,368,673
National School Lunch Program - Cash	10.555	2015IN109943	-	720,870
		2016N109943	-	2,459,626
- Commodities	10.555	011-082	-	585,689
			-	3,766,185
After School Snack Program	10.555	2015IN109943	-	410
		2016N109943	-	8,920
			-	9,330
Child Nutrition Cluster - total			-	5,144,188
Fresh Fruits and Vegetables Program	10.582	2015IL160343	-	24,582
		2016IL160343	-	139,968
			-	164,550
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	5,308,738
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Missouri Department of Elementary and Secondary Education				
Title I Grants to LEAs	84.010	S010A140025	-	506,541
		S010A150025	-	2,602,522
			-	3,109,063
Migrant Education State Grant Program	84.011	S011A140025	-	76,778
Education for Homeless Children and Youth	84.196	S196A140026	-	78,228
		S196A150026	-	31,646
			-	109,874
Supporting Effective Instruction State Grants	84.367	S367A140024	-	81,424
		S367A150024	-	487,762
			-	569,186
English Language Acquisition Grants	84.365	S365A140025	-	57,800
		S365A150025	-	76,095
			-	133,895
Career and Technical Education - Basic Grants to States	84.048	V048A140025	-	550,095

SAINT JOSEPH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)  
Year Ended June 30, 2016

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number or Other Identifying Number	Passed-through to Subrecipients	Federal Expenditures
Adult Education and Literacy	84.002	V002A150026	-	193,222
Special Education Grants Cluster				
Special Education Grants to States	84.027	H027A140040	-	47,744
		H027A150040	-	1,478,478
			-	1,526,222
Special Education Preschool Grants	84.173	H173A150103	-	74,424
Total Special Educations Grants Cluster			-	1,600,646
Direct				
Student Financial Assistance Cluster				
Federal Pell Grant Program (Pell)	84.063	N/A	-	302,439
Federal Direct Student Loans (Direct Loan)	84.268	N/A	-	513,774
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	N/A	-	5,703
Total Student Financial Assistance Cluster			-	821,916
TOTAL U.S. DEPARTMENT OF EDUCATION			-	7,164,675
<u>U.S. DEPARTMENT OF DEFENSE</u>				
Direct				
ROTC Language and Culture Training Grants	12.000	N/A	-	193,786
TOTAL U.S. DEPARTMENT OF DEFENSE			-	193,786
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 12,667,199

N/A – Not applicable

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. The Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note A to the District's financial statements.
2. Commodities received and expended are valued by the Food Service Section of the Department of Elementary and Secondary Education at \$585,689.
3. The District did not provide funds to subrecipients in the current year.
4. The District elected not to use the 10% de minimis indirect cost rate.

SAINT JOSEPH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016

**Section I – Summary of Audit Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency(ies) identified:        yes   X   no

Noncompliance material to financial statements noted?        yes   X   no

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency(ies) identified:        yes   X   none reported

Type of auditor’s report issued on compliance for major federal programs:

Qualified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?   X   yes        no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.063, 84.268 & 84.007	Student Financial Assistance Cluster
84.027 & 84.173	Special Education Grants Cluster
84.010	Title I Grants to LEAs

Dollar threshold used to distinguish between type A and type B programs:

  \$  750,000  

Auditee qualified as low-risk auditee?        yes   X   no

**Section II – Financial Statement Findings**

MATERIAL WEAKNESS

2016-001 Segregation of duties

*Condition:* Because of a limited number of available personnel and high employee turnover rate in the business office at various times during the year, it was not always possible to adequately segregate certain incompatible duties so that no one employee had access to both physical assets and the related accounting records, or to all phases of a transaction. There were some mitigating controls in place, but it was not possible to have segregation in all areas.

*Criteria:* Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected and corrected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We realize that due to circumstances beyond their control, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

*Response:* Periodically, due to employee turnover and other factors, a limited number of available personnel can prohibit segregation of incompatible duties and the District utilizes its resources to hire additional accounting personnel and provide training in a timely manner. The District hired two additional accounting staff in the 2015-16 school year to help address this issue.

2016-002 Bank Reconciliations and Supporting Documentation

*Condition:* During the year ended June 30, 2016, reconciliations of all bank accounts were not performed on a monthly basis. We noted that on some of the reconciliations performed, listings of outstanding items were not maintained and included with the reconciliation to substantiate the outstanding items shown in the reconciliation.

*Criteria:* Bank reconciliations are an important internal control within an entity operating on the modified cash basis of accounting. All bank accounts held under the District's tax identification number should be reconciled to the general ledger on a monthly basis. All supporting information for the bank reconciliation should be included behind the reconciliation document. These items would include a printout of general ledger cash, bank statements and detailed listings of outstanding items.

SAINT JOSEPH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
Year Ended June 30, 2016

2016-002 Bank Reconciliations and Supporting Documentation (continued)

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected and corrected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We recommend that all bank accounts be reconciled to the general ledger on a monthly basis. We further recommend that these bank reconciliations and supporting information be kept on file in accordance with Missouri record retention schedules.

*Response:* During the 2016-17 school year we will continue working on a solution to utilize the accounting system to do monthly bank reconciliations.

2016-003 Bank Statement Review

*Condition:* The District does not currently have a policy that requires a review of bank account statements by an employee other than the person performing the bank reconciliation prior to the occurrence of the reconciliation.

*Criteria:* A policy that calls for a member of management outside the accounting cycle to open and review District bank statements prior to their reconciliation to the general ledger provides a key control to identify any potential irregularities within the statements.

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected and corrected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We recommend that the District institute a policy that designates an employee outside the accounting cycle to open and review bank statements on a monthly basis. We further recommend that this policy include a requirement that the reviewer signs and dates each bank statement upon completion of the review.

*Response:* A policy is being developed to have a person other than the one doing bank reconciliations review the bank statements each month.

2016-004 Bank Reconciliation Review

*Condition:* The District does not currently have a policy that requires a review of bank account reconciliations by a member of management outside the accounting cycle.

*Criteria:* Bank reconciliations are an important internal control within an entity operating on the modified cash basis of accounting. Instituting and following a policy that requires a review of monthly bank reconciliations by a member of management outside the accounting cycle will assist the District in insuring that this key internal control is being done properly in a timely manner.

SAINT JOSEPH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
Year Ended June 30, 2016

2016-004 Bank Reconciliation Review (continued)

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected and corrected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We recommend that the District institute a policy that designates an employee outside the accounting cycle to review bank reconciliations on a monthly basis. We further recommend that this policy include a requirement that the reviewer signs and dates the reconciliation upon completion of the review.

*Response:* A policy is being developed to have a management person, other than the one doing bank reconciliations review the bank reconciliations each month.

2016-005 Activity Funds

*Condition:* Current District processes allow building level personnel access to student activity cash. These processes allow District employees to hold, receive, reconcile, and deposit cash from events with little or no oversight.

*Criteria:* Proper segregation of duties relating to student activity cash is an important step in securing these funds for the District. No employee should have access to the physical cash and the related accounting records, or to all phases of a transaction.

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected and corrected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We recommend that the District institute a policy that segregates the incompatible duties by utilizing other personnel within each building. In cases where this is not possible, a policy requiring personnel from another building to complete the accounting transaction cycle for activity funds will help protect District assets.

*Response:* The District is developing a building level segregation of duties plan for all cash management.

2016-006 Building Level Expenditure Approval

*Condition:* Current policies and procedures allowed a building administrator to delegate expenditure approval authority to an assistant in such a way that the assistant could have approved their own expenditures using the administrator's signoff.

SAINT JOSEPH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
Year Ended June 30, 2016

2016-006 Building Level Expenditure Approval (continued)

*Criteria:* Activity for all cash accounts held under the District's tax identification number should be accounted for within the District's general ledger accounting system and subject to all District internal control policies and procedures. These procedures call for administrator level approval to protect the District from paying unauthorized, illegal, or disallowed expenditures.

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected and corrected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We recommend that the District institute and educate personnel on a policy that all expenditures approved at the building level must be approved by the building administrator. This policy should expressly communicate that the approval authority cannot be transferred to another staff level.

*Response:* The District has provided education on proper policies and procedures to personnel to ensure that this situation does not arise again.

2016-007 Review and Reconciliation of Capital Asset Listings

*Condition:* The District has performed a full inventory of assets and is in the process of implementing new software for tracking of capital assets and final reports of capital assets were not available by June 30, 2016.

*Criteria:* Once the software is fully implemented, the capital asset listings should be periodically reviewed against the current capital assets on hand to identify any assets with impaired value.

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected and corrected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We recommend that the District continue implementation of the new software and once all items are entered in the system, prepare summary reports that can be reconciled back to the District's general ledger accounting system. The District should also review the list periodically to identify any previously disposed assets or assets with impaired values.

*Response:* A complete physical inventory was done in September 2015. It was finalized and a report was issued to BOE at the December 2015 board meeting. When the 2016 reports were prepared, the system reports did not talley correctly and the District is in the process of resolving the issue.

SAINT JOSEPH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
Year Ended June 30, 2016

2016-008 Process for Preapproval of Capital Asset Additions or Disposals

*Condition:* The District does not have a preapproval process for capital asset additions or disposals. As a result of this, not all capital asset additions or disposals are incorporated in the District's capital asset listings or general ledger.

*Criteria:* Capital asset additions or disposals should be reported to the personnel charged with maintaining the capital assets listing for the District. Instituting a process that calls for preapproval will provide those maintaining the capital asset inventory listings with the information they need in a timely manner and assist them in keeping track of capital assets and the related depreciation accurately.

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected and corrected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We recommend that the District create and implement a policy instituting a preapproval process for capital asset additions and disposals.

*Response:* The District is working to update the policies for capital asset additions and disposals.

2016-009 Documentation of Policies and Procedures

*Condition:* Due to recent employee turnover and other factors, the District does not have a current written document containing all policies and procedures of the District and no internal risk assessment has been documented.

*Criteria:* Policies and procedures of the District should be in written form so that all District employees can access them and follow them. This will reduce the impact of employee turnover on District operations. Conducting and documenting an internal risk assessment using the model set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) will assist the District in identifying risks within the organization so that internal controls can be adapted to respond to those identified risks.

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected and corrected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We recommend that the District update its written policies and procedures for current staff levels and perform an internal risk assessment to determine where additional internal control procedures might be necessary.

*Response:* The District is working to update the policies to review additional internal control procedures.



**Section III – Federal Award Findings and Questioned Costs**

COMPLIANCE FINDINGS – 2016-010 through 2016-012

U.S. DEPARTMENT OF EDUCATION

Student Financial Assistance Cluster

Federal Direct Student Loan Program	CFDA 84.268
Federal Pell Grant Program (PELL)	CFDA 84.063
Federal Supplemental Educational Opportunity Grants (FSEOG)	CFDA 84.007

2016-010 Student Financial Assistance Cluster – Special Testing – Enrollment Reporting

*Condition:* The District did not have procedures in place to ensure change in enrollment information was accurately being reported to the Department of Education in all cases.

*Context:* A sample of 37 students revealed one instance in which the District reported the date of official withdrawal rather than the last date of attendance. A non-statistical sampling methodology was used to select the sample.

*Criteria:* The U.S. Department of Education requires the District to report certain information when a student who receives Title IV financial aid has a change in enrollment status with the institution.

*Effect:* The District was not in compliance with enrollment reporting to the National Student Loan Data System (NSLDS) for students with enrollment status changes.

*Cause:* The District's policies and procedures did not include proper internal controls over compliance to ensure that this requirement was being met.

*Questioned costs:* None, as the District has already reported change in enrollment information to the Department of Education

*Repeat Finding:* This is a repeat finding from the previous audit, 2015-014.

*Recommendation:* We recommend the District implement procedures to strictly comply with requirements of 34 CFR 668 as it relates to the student enrollment status information reported to the NSLDS.

*Response:* The District is reviewing its policies and procedures and will correct in 2016-17.

SAINT JOSEPH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
Year Ended June 30, 2016

2016-011 Student Financial Assistance Cluster – Special Testing – Return to Title IV (R2T4)

*Condition:* The District did not properly carry out the R2T4 process for the spring semester of the 2015-16 fiscal year. This was primarily due to the employee who handles this process being out on leave at the time.

*Context:* A sample of 37 students revealed 2 students who received post-withdrawal disbursements that were greater than what was calculated. A non-statistical sampling methodology was used to select the sample.

*Criteria:* The District must return funds to Title IV within 45 days after the date the District determined the student withdrew. Additionally, the determination date should be no later than 14 days after the student's last date of attendance as determined by the District from its attendance records.

*Effect:* The District was not in compliance with the return of Title IV funds within the 45 day limit for two students in the spring semester.

*Cause:* The District's policies and procedures did not include proper internal controls over compliance to ensure that this requirement was being met.

*Questioned costs:* None, as the District has already recalculated the amounts to be refunded and returned the funds to the Department of Education.

*Repeat Finding:* This is a repeat finding from the previous audit, 2015-015.

*Recommendation:* We recommend that the District provide training as necessary to student financial aid personnel to ensure that requirements pertaining to returning funds to Title IV are properly followed.

*Response:* The District is reviewing its policies and procedures and will develop a training plan in 2016-17.

2016-012 Student Financial Assistance Cluster – Special Testing – Right to Cancel Notification

*Condition:* The District did not have procedures in place to notify students, or parents, in writing their right to cancel all or a portion of the loan disbursement within the required timeframe and the District only provided verbal notice.

*Context:* A sample of 37 students revealed that the District was verbally providing notification of right to cancel rather than written. A non-statistical sampling methodology was used to select the sample.

*Criteria:* The U.S. Department of Education 34 CFR 668.165 requires the District to notify students, or parents, of their right to cancel all or a portion of the loan disbursements in writing, no earlier than 30 days before or 30 days after crediting the student's account at the District.

SAINT JOSEPH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
Year Ended June 30, 2016

2016-012 Student Financial Assistance Cluster – Right to Cancel Notification (continued)

*Effect:* The District was not in compliance with notifying the student or parent of their right to cancel with loan disbursements.

*Cause:* The District’s policies and procedures did not include proper internal controls over compliance to ensure that this requirement was being met.

*Questioned costs:* None.

*Recommendation:* We recommend the District implement procedures to strictly comply with requirements of 34 CFR 668 as it relates to notifying students, or parents, and their right to cancel loan disbursements.

*Response:* The District is reviewing its policies and procedures and will correct in 2016-17.

MATERIAL WEAKNESS – 2016-013

U.S. DEPARTMENT OF EDUCATION

Federal Direct Student Loans	CFDA No. 84.268
Federal Pell Grant Program (PELL)	CFDA No. 84.063
Federal Supplemental Educational Opportunity Grants (FSEOG)	CFDA 84.007

2016-013 Ongoing Monitoring of Compliance with Grant Requirements

*Condition:* The District’s current policies and procedures that constitute the District’s internal control over compliance allowed noncompliance with various compliance requirements of the Federal Direct Student Loans Program, CFDA No 84.268, Federal Pell Grant Program, CFDA No 84.063, and the Federal Supplemental Educational Opportunity Grants, CFDA 84.007, which are parts of the Student Financial Assistance Cluster of programs. These instances of non-compliance have been documented in findings 2016-010 through 2016-012.

*Criteria:* Internal controls over compliance should ensure that the various compliance requirements of each federal program are being met by the District.

*Effect:* Risk is present that instances of noncompliance may occur and not be detected and corrected within a timely period by employees in the normal course of performing their assigned functions.

SAINT JOSEPH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
Year Ended June 30, 2016

2016-013 Ongoing Monitoring of Compliance with Grant Requirements (continued)

*Cause:* Current policies and procedures resulted in an insufficient number of adequately trained personnel being involved in the process of meeting various filing and reporting requirements for federal grants.

*Recommendation:* We recommend that the District review its policies and procedures to determine what changes need to be made to ensure future compliance with program requirements.

*Response:* The District is reviewing its policies and procedures and will develop a training plan in 2016-17 to monitor ongoing compliance with grant requirements.

SAINT JOSEPH SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2016

**Financial Statement Findings**

**MATERIAL WEAKNESSES**

**2015-001 Segregation of duties**

*Auditor's Recommendation:* We realize that due to circumstances beyond their control, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

*Status:* Unresolved

**2015-002 Bank Reconciliations and Supporting Documentation**

*Auditor's Recommendation:* We recommend that all bank accounts be reconciled to the general ledger on a monthly basis. We further recommend that these bank reconciliations and supporting information be kept on file in accordance with Missouri record retention schedules.

*Status:* The District is working to improve this process but this item is a repeat finding for 2016.

**2015-003 Bank Statement Review**

*Auditor's Recommendation:* We recommend that the District institute a policy that designates an employee outside the accounting cycle to open and review bank statements on a monthly basis. We further recommend that this policy include a requirement that the reviewer signs and dates each bank statement upon completion of the review.

*Status:* The District is working to improve this process but this item is a repeat finding for 2016.

**2015-004 Bank Reconciliation Review**

*Auditor's Recommendation:* We recommend that the District institute a policy that designates an employee outside the accounting cycle to review bank reconciliations on a monthly basis. We further recommend that this policy include a requirement that the reviewer signs and dates the reconciliation upon completion of the review.

*Status:* The District is working to improve this process but this item is a repeat finding for 2016.

SAINT JOSEPH SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS (continued)  
Year Ended June 30, 2016

**2015-005 Activity Funds**

*Recommendation:* We recommend that the District institute a policy that segregates the incompatible duties by utilizing other personnel within each building. In cases where this is not possible, a policy requiring personnel from another building to complete the accounting transaction cycle for activity funds will help protect District assets.

*Status:* The District has developing a building level segregation of duties plan for all cash management that includes monitoring of activity funds by employees outside the activity funds transaction cycle in order to help protect District assets.

**2015-006 Bank Accounts**

*Auditor's Recommendation:* We recommend that the District institute a policy that all bank accounts opened in the District's tax identification number have their balances and activity accounted for in the general ledger. If the employees of the District do not wish to have their funds subject to these internal controls, we recommend that they take steps to establish accounts using a tax identification other than the District's.

*Status:* These accounts have been closed and the funds were transferred to the District account. The funds will now be tracked in an activities fund account.

**2015-007 Advance Approval of Student Fundraising Projects**

*Auditor's Recommendation:* We recommend that the District institute a policy that mandates that all student activity fundraising projects be approved and reported to the business office prior to being performed. We recommend that this policy include the completion of a uniform application for fundraiser approval that will document the personnel and students involved in the project, a timeline for the project, a description of the fundraising project, anticipated receipts and disbursements, and the internal controls established by the student organization to secure the funds until they are deposited in the District's bank accounts.

*Status:* All fundraisers are now submitted to building level administration and then sent to business office for approval.

**2015-008 Review and Reconciliation of Capital Asset Listings**

*Auditor's Recommendation:* We recommend that the District create and implement a policy instituting periodic physical inventories of capital assets.

*Status:* A complete physical inventory was done in September 2015. It was finalized and a report will be issued to BOE at the December 2015 board meeting.

**2015-009 Process for Preapproval of Capital Asset Additions or Disposals**

*Auditor's Recommendation:* We recommend that the District create and implement a policy instituting a preapproval process for capital asset additions and disposals.

*Status:* The District has worked to update the policies for capital asset additions and disposals.

**2015-010 Documentation of Policies and Procedures**

*Auditor's Recommendation:* We recommend that the District update its written policies and procedures for current staff levels and perform an internal risk assessment to determine where additional internal control procedures might be necessary.

*Status:* The District is continuing their work to update the policies to review additional internal control procedures.

**2015-011 Compliance with State Statutes – Collateralization of Deposits**

*Auditor's Recommendation:* We recommend the District review this purchase card program and, at a minimum, take steps to reduce or eliminate the financial exposure of the District.

*Status:* Corrected

SAINT JOSEPH SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS (continued)  
Year Ended June 30, 2016

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

COMPLIANCE FINDINGS – 2015-012 through 2015-016

U.S. DEPARTMENT OF EDUCATION

Student Financial Assistance Cluster

Federal Direct Student Loan Program CFDA 84.268

Federal Pell Grant Program (PELL) CFDA 84.063

Federal Supplemental Educational  
Opportunity Grants (FSEOG) CFDA 84.007

**2015-012 Schedule of Expenditures of Federal Awards (SEFA) Review**

*Auditor's Recommendation:* We recommend the District work to resolve any compliance issues resulting from the major federal program not being audited within at least one of the three preceding years. We further recommend that the District alter its procedures such that an employee with adequate skills, knowledge and expertise compile and review the District's SEFA annually.

*Status:* The District has contacted the appropriate agency and awaits the outcome of their review.

**2015-013 Student Financial Aid Cluster – Type A for Three Years but not Audited**

*Auditor's Recommendation:* We recommend that the District consult with its prior auditor and the United States Department of Education to determine what steps might need to be taken to remedy this noncompliance.

*Status:* The program was tested during the 2014-15 fiscal year and in the current year.

**2015-014 Student Financial Aid Cluster – Enrollment Reporting**

*Auditor's Recommendation:* We recommend the District implement procedures to strictly comply with requirements of 34 CFR 668 as it relates to the student enrollment status information reported to the NSLDS.

*Status:* Procedures were adopted during the 2015-16 fiscal year that should eliminate this finding in future years.



**2015-015 Student Financial Aid Cluster – Return to Title IV (R2T4)**

*Auditor's Recommendation:* We recommend that the District provide training as necessary to student financial aid personnel to ensure that requirements pertaining to returning funds to Title IV are properly followed.

*Status:* Additional training was provided during 2015-16 but the finding was repeated in the 2015-16 audit. The District will continue to provide training to correct this problem.

**2015-016 Student Financial Aid Cluster – Common Origination of Disbursement Reporting**

*Auditor's Recommendation:* We recommend the District train personnel on the intricacies and importance of COD reporting pertaining to both origination and disbursement records. And, thus, comply with 34 CFR 690.83 reporting requirements.

*Status:* Corrected

**MATERIAL WEAKNESSES**

**U.S. DEPARTMENT OF EDUCATION**

Federal Direct Student Loans

CFDA No. 84.268

Federal Pell Grant Program (PELL)

CFDA No. 84.063

**2015-017 Internal Control over Schedule of Expenditures of Federal Awards (SEFA) Preparation and Review**

*Auditor's Recommendation:* We recommend that the District update its written policies and procedures for current staff levels and identify an employee that will be tasked with the responsibility for preparation of the SEFA and monitoring correct major program determination.

*Status:* Corrected

**2015-018 Ongoing Monitoring of Compliance with Grant Requirements**

*Auditor's Recommendation:* We recommend that the District consult with its prior auditor and the United States Department of Education to determine what steps might need to be taken to remedy this noncompliance.

*Status:* The District has taken steps to resolve previous non-compliance and avoid future non-compliance with federal program requirements and will continue improvements. As instances of non-compliance were noted in 2015-16, this item remains as of June 30, 2016.

SAINT JOSEPH SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
June 30, 2016

U.S. DEPARTMENT OF EDUCATION

Saint Joseph School District respectfully submits the following corrective action plan for the year ended June 30, 2016.

District contact person responsible for corrective action:

Mr. Wesley Metz, Director of Finance  
St. Joseph School District  
925 Felix  
St. Joseph, Missouri 64501  
(816) 671-4000

**FINDINGS – FINANCIAL STATEMENT AUDIT**  
**2016-001 to 2016-010 are considered Material Weaknesses**

Finding Reference No: 2016-001

Finding Noted: Segregation of Duties

Recommendation: We realize that due to circumstances beyond their control, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Corrective Action Plan: Periodically, due to employee turnover and other factors, a limited number of available personnel can prohibit segregation of incompatible duties and the District will utilize its resources to hire additional accounting personnel and provide training in a timely manner. The District hired two additional accounting staff in the 2015-16 school year to help address this issue.

Implementation Date: June 30, 2016

Finding Reference No: 2016-002

Finding Noted: Bank Reconciliations and Supporting Documentation

Recommendation: We recommend that all bank accounts be reconciled to the general ledger on a monthly basis. We further recommend that these bank reconciliations and supporting information be kept on file in accordance with Missouri record retention schedules.

Corrective Action Plan: During the 2016-17 school year we will be working on a solution to utilize the accounting system to do monthly bank reconciliations.

Implementation Date: June 30, 2016

SAINT JOSEPH SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN (continued)  
June 30, 2016

Finding Reference No: 2016-003

Finding Noted: Bank Statement Review

Recommendation: We recommend that the District institute a policy that designates an employee outside the accounting cycle to open and review bank statements on a monthly basis. We further recommend that this policy include a requirement that the reviewer signs and dates each bank statement upon completion of the review.

Corrective Action Plan: A policy is being developed to have a person other than the one doing bank reconciliations review the bank statements each month.

Implementation Date: June 30, 2016

Finding Reference No: 2016-004

Finding Noted: Bank Reconciliation Review

Recommendation: We recommend that the District institute a policy that designates an employee outside the accounting cycle to review bank reconciliations on a monthly basis. We further recommend that this policy include a requirement that the reviewer signs and dates the reconciliation upon completion of the review.

Corrective Action Plan: A policy is being developed to have a management person, other than the one doing bank reconciliations review the bank reconciliations each month.

Implementation Date: June 30, 2016

Finding Reference No: 2016-005

Finding Noted: Activity Funds

Recommendation: We recommend that the District institute a policy that segregates the incompatible duties by utilizing other personnel within each building. In cases where this is not possible, a policy requiring personnel from another building to complete the accounting transaction cycle for activity funds will help protect District assets.

Corrective Action Plan: The District is developing a building level segregation of duties plan for all cash management.

Implementation Date: June 30, 2016

SAINT JOSEPH SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN (continued)  
June 30, 2016

Finding Reference No: 2016-006

Finding Noted: Building Level Expenditure Approval

Recommendation: We recommend that the District institute and educate personnel on a policy that all expenditures approved at the building level must be approved by the building administrator. This policy should expressly communicate that the approval authority cannot be transferred to another staff level.

Corrective Action Plan: The District is developing a building level education plan for communicating District policies and procedures.

Implementation Date: June 30, 2017

Finding Reference No: 2016-007

Finding Noted: Review and Reconciliation of Capital Asset Listings

Recommendation: We recommend that the District create and implement a policy instituting periodic physical inventories of capital assets.

Corrective Action Plan: A complete physical inventory was done in September 2015. It was finalized and revised reports will be issued to BOE at the January 2017 board meeting.

Implementation Date: January 2017

Finding Reference No: 2016-008

Finding Noted: Process for Preapproval of Capital Asset Additions or Disposals

Recommendation: We recommend that the District create and implement a policy instituting a preapproval process for capital asset additions and disposals.

Corrective Action Plan: The District is working to update the policies for capital asset additions and disposals.

Implementation Date: June 30, 2016

SAINT JOSEPH SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN (continued)  
June 30, 2016

Finding Reference No: 2016-009

Finding Noted: Documentation of Policies and Procedures

Recommendation: We recommend that the District update its written policies and procedures for current staff levels and perform an internal risk assessment to determine where additional internal control procedures might be necessary.

Corrective Action Plan: The District is working to update the policies to review additional internal control procedures.

Implementation Date: June 30, 2016

**FINDINGS – FEDERAL AWARD PROGRAMS AUDIT**

**Findings 2016-010 to 2016-012 are Compliance Findings relating to the Student Financial Assistance Cluster**

**Finding 2016-013 is a Material Weaknesses**

Finding Reference No: 2016-010

Finding Noted: Student Financial Assistance Cluster – Enrollment Reporting

Recommendation: We recommend the District implement procedures to strictly comply with requirements of 34 CFR 668 as it relates to the student enrollment status information reported to the NSLDS.

Corrective Action Plan: The District is reviewing its policies and procedures and will correct in 2015-16.

Implementation Date: June 30, 2016

Finding Reference No: 2016-011

Finding Noted: Student Financial Assistance Cluster – Return to Title IV (R2T4)

Recommendation: We recommend that the District provide training as necessary to student financial aid personnel to ensure that requirements pertaining to returning funds to Title IV are properly followed.

Corrective Action Plan: The District is reviewing its policies and procedures and will develop a training plan in 2015-16.

Implementation Date: June 30, 2016

SAINT JOSEPH SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN (continued)  
June 30, 2016

Finding Reference No: 2016-012

Finding Noted: Student Financial Assistance Cluster – Right to Cancel Notification

Recommendation: We recommend the District implement procedures to strictly comply with requirements of 34 CFR 668 as it relates to notifying students, or parents, and their right to cancel loan disbursements.

Corrective Action Plan: The District is reviewing its policies and procedures and will develop a training plan in 2016-17.

Implementation Date: June 30, 2017

Finding Reference No: 2016-013

Finding Noted: Ongoing Monitoring of Compliance with Grant Requirements

Recommendation: We recommend that the District consult with its prior auditor and the United States Department of Education to determine what steps might need to be taken to remedy this noncompliance.

Corrective Action Plan: The District is reviewing its policies and procedures and will develop a training plan in 2016-17 to monitor ongoing compliance with grant requirements.

Implementation Date: June 30, 2017

Sincerely,

Mr. Wesley Metz, Director of Finance  
St. Joseph School District

## **SUPPLEMENTARY STATE INFORMATION**



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

Board of Education  
Saint Joseph School District  
Saint Joseph, Missouri

We have examined management's assertions that Saint Joseph School District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and other statutory requirements as listed in the schedule of selected statistics during the year ended June 30, 2016. Management is responsible for the Saint Joseph School District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence about the Saint Joseph School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Saint Joseph School District's compliance with specified requirements.

In our opinion, management's assertions referred to above are fairly stated, in all material respects, with the aforementioned requirements for the year ended June 30, 2016.

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

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
December 14, 2016

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SAINT JOSEPH SCHOOL DISTRICT 011-082  
 SCHEDULE OF SELECTED STATISTICS  
 Year Ended June 30, 2016

1. Calendar (Sections 160.041 and 171.031, RSMo)

A. Standard Day Length (SDL) – The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time were as follows:

Kindergarten – Grade 6 (except Lake)	6.6500
Lake Elementary (K-6)	6.6500
Grade 7 – Grade 8	6.8000
Grade 9 – Grade 12 - Benton	6.8000
Grade 9 – Grade 12 – Central	6.8000
Grade 9 – Grade 12 – Lafayette	6.8000

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

Kindergarten – Grade 6 (except Lake)	1,097.90
Lake Elementary (K-6)	1,095.48
Grade 7 – Grade 8	1,122.80
Grade 9 – Grade 12 - Benton	1,119.80
Grade 9 – Grade 12 – Central	1,112.80
Grade 9 – Grade 12 – Lafayette	1,122.80

C. The number of days classes were in session and pupils were under the direction of the teachers during this school year was 166.

2. Average Daily Attendance (ADA)

Average Daily Attendance:

Regular term:

Kindergarten – Grade 6	6,029.81
Grade 7 – Grade 8	1,628.09
Grade 9 – Grade 12	<u>2,881.22</u>
Total regular term	10,539.12

Extended school year (ESY)	1.53
Summer school average daily attendance	<u>266.48</u>

Total Average Daily Attendance 11,807.13

3. September Membership

September Membership FTE Count 11,288.25

SAINT JOSEPH SCHOOL DISTRICT 011-082  
 SCHEDULE OF SELECTED STATISTICS (continued)  
 Year Ended June 30, 2016

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

State FTE Total	Free	6,106.00
	Reduced	<u>836.25</u>
	Total	<u><u>6,942.25</u></u>

5. Finance

- A. A bond, as required by Section 162.401, RSMo, has been purchased for the District treasurer in the amount of \$25,000.
- B. The District's deposits were adequately secured during the year as required by Sections 110.010 and 110.020, RSMo.
- C. The District maintained a separate bank account for its Debt Service Fund in accordance with Section 165.011, RSMo.
- D. Salaries reported for educators in the October core data cycle are supported by payroll/contract records.
- E. The District did not make a \$162,326 or 7% x SAT x WADA transfer.
- F. The District published a summary of the 2014-2015 audit report within thirty days of receipt of the audit, pursuant to Section 165.121, RSMo.
- 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.
- H. The amount spent for approved professional development committee plan activities was \$435,359.

There were no findings noted above.

6. Transportation (Section 163.161, RSMo)

- A. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.
- B. The District's school transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported.
- C. Based on the ridership records, the average number of students (non-disabled K-12, career education, and K-12 students with disabilities) transported on a regular basis (ADT) eligible for state transportation aid was 3,994.50 and the average number of students transported on a regular basis (ADT) ineligible to be counted for state transportation aid was 1,234.50.

SAINT JOSEPH SCHOOL DISTRICT 011-082  
SCHEDULE OF SELECTED STATISTICS (continued)  
Year Ended June 30, 2016

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

- D. The District's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year.
- E. Actual odometer records show the total District operated and contracted mileage for the year was 950,115. Of this total, the eligible non-disabled and students with disabilities route miles were 793,646 and the ineligible non-route and disapproved miles combined were 156,469.
- F. The District operated the school transportation system for 166 days during this school year.

There were no findings noted above.