

SAINT JOSEPH SCHOOL DISTRICT

SAINT JOSEPH, MISSOURI

BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2015

THE SCHOOL DISTRICT OF ST. JOSEPH

925 Felix
St. Joseph, Missouri 64501

Telephone (816) 671-4000
Fax (816) 671-4470
<http://www.sjsd.k12.mo.us>

Dr. Robert Newhart, Superintendent

Board of Education

Mr. Brad Haggard	President
Mr. Martin Rucker	Vice President
Mr. Eric Bruder	Member
Mr. Dennis Snethen	Member
Mrs. Chris Danford	Member
Mrs. Lori Prussman	Member
Mrs. Kappy Hodges	Member
Mrs. Debbie Consolver	Secretary
Mr. Wesley Metz	Treasurer

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

Hall Elementary School
2509 Duncan Street
St. Joseph, MO 64507
671-4160

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
671-4290

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

Colgan Alternative Resource Center
3600 Frederick
St. Joseph, MO 64506
671-4072

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. 9th 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

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	7
MANAGEMENT'S DISCUSSION AND ANALYSIS	11
BASIC FINANCIAL STATEMENTS	
Statement of Net Position – Modified Cash Basis	22
Statement of Activities – Modified Cash Basis	23
Statement of Assets and Fund Balances – Governmental Funds – Modified Cash Basis	25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	26
Statement of Receipts, Disbursements and Changes in Fund Balances – Governmental Funds – Modified Cash Basis	27
Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances – Governmental Funds – Modified Cash Basis to the Statement of Activities	28
Statement of Fiduciary Net Position – Modified Cash Basis	29
Statement of Changes in Fiduciary Net Position	30
Notes to Financial Statements	31
SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios – PSRS	59
Schedule of Employer Contributions – PSRS	60
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios – PEERS	61
Schedule of Employer Contributions – PEERS	62

TABLE OF CONTENTS

SUPPLEMENTARY INFORMATION (continued)

Budgetary Comparison Schedule – General Fund.....	63
Budgetary Comparison Schedule – Special Revenue Fund.....	64
Budgetary Comparison Schedule – Debt Service Fund.....	65
Budgetary Comparison Schedule – Bond Capital Projects Fund	66
Budgetary Comparison Schedule – Capital Projects Fund.....	67
Note to Budgetary Comparison Schedules	68

OTHER FINANCIAL INFORMATION

Schedule of Receipts by Source.....	70
Schedule of Disbursements by Object	72
Schedule of Transportation Costs Eligible for State Aid.....	73
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 <i>Government Auditing Standards</i>	74
Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	76
Schedule of Expenditures of Federal Awards.....	79
Summary Schedule of Findings and Questioned Costs	81
Schedule of Prior Audit Findings	93

SUPPLEMENTARY STATE INFORMATION

Independent Accountants' Report on Management's Assertions About Compliance with Specified Requirements of Missouri Laws and Regulations	95
Schedule of Selected Statistics.....	96



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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 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.

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, 2015, 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 59-68, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Board of Education
Saint Joseph School District
Saint Joseph, Missouri

Other Matters

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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 14, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SAINT JOSEPH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
JUNE 30, 2015**

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, 2015, 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 \$164,218,945 on June 30, 2015. This was an increase of \$8.1 million from the prior year.
- Overall receipts were \$126,002,184, and disbursements were \$121,587,026.
- Net position was \$109,568,945 as of June 30, 2015. This reflects an increase of \$4,415,158 compared to the prior year.
- During the year, the District issued \$6,280,000 in construction bonds while paying bond principal in the amount of \$2,550,000.

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 2015 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.

Expendable Trust Funds – Accounts for assets held by the District in a trustee capacity.

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, 2015

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

The District's Net Position, resulting from cash transactions, capital assets, and long-term debt transactions increased by \$4,415,158 between fiscal years 2014 and 2015.

Net Position – Modified Cash Basis

	June 30,		
	2015	2014, as restated	2013
ASSETS			
Current Assets			
Cash and investments	\$ 55,042,632	\$ 58,418,189	\$ 71,774,718
Non-Current Assets			
Non-depreciable assets			
Land	2,444,191	2,444,191	2,444,191
Construction in progress	12,576,360	20,102,184	2,924,671
Depreciable assets			
Buildings and improvements	115,354,711	93,446,374	89,638,176
Furniture and equipment	8,954,754	8,773,699	8,449,838
Vehicles	1,779,730	1,779,730	1,715,782
Accumulated depreciation	(31,933,433)	(28,890,580)	(26,002,886)
	<u>109,176,313</u>	<u>97,655,598</u>	<u>79,169,772</u>
TOTAL ASSETS	164,218,945	156,073,787	150,944,490
LIABILITIES			
Current Liabilities			
Current portion of long-term debt obligations	2,750,000	2,550,000	2,330,000
Non-current Liabilities			
General obligation bonds	51,900,000	48,370,000	45,870,000
TOTAL LIABILITES	54,650,000	50,920,000	48,200,000
NET POSITION			
Net investment in capital assets	54,526,313	46,735,598	28,639,773
Restricted for debt service	5,456,982	5,798,280	5,812,280
Restricted for student activities	844,696	2,131,654	436,213
Restricted for bond proceeds	5,297,199	27,764,320	44,171,364
Resticted for professional development	63,075	49,442	-
Unrestricted	43,380,680	22,674,493	21,354,860
TOTAL NET POSITION	\$ 109,568,945	\$ 105,153,787	\$ 100,414,490

SAINT JOSEPH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
JUNE 30, 2015

The District's net position showed a reasonable increase for the year. The District recognized \$6.28 million in proceeds from the sale of a general obligation bond issue, which inflated fiscal year 2015's revenues. 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, 2015, net position of the District, resulting from cash transactions, capital asset activity and long-term debt activity changed as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
RECEIPTS			
<u>Program Receipts</u>			
Charges for services	\$ 4,884,740	\$ 5,638,928	\$ 5,768,446
Operating grants and contributions	18,325,761	17,617,625	17,797,930
Capital grants and contributions	380,579	542,291	718,399
<u>General Receipts</u>			
Ad valorem tax receipts	41,076,540	41,017,334	41,718,777
Prop C sales tax receipts	11,361,978	10,784,170	10,287,493
Other tax receipts	2,918,082	2,725,272	2,852,665
County receipts	3,464,013	3,159,573	3,378,530
State receipts	41,458,775	40,872,229	40,729,761
Interest receipts	1,032,653	822,306	732,856
Other receipts	1,082,876	961,552	647,177
<u>Special Items</u>			
Net insurance recovery	13,570	-	-
Sale of other property	2,617	9,924	-
TOTAL RECEIPTS	<u>126,002,184</u>	<u>124,151,204</u>	<u>124,632,034</u>

SAINT JOSEPH SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (unaudited)
JUNE 30, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>
DISBURSEMENTS			
Instruction	70,793,734	66,484,297	66,307,867
Student services	6,762,745	5,739,711	5,580,937
Instructional staff support	6,379,029	9,665,565	9,414,114
Building administration	5,608,218	5,643,777	5,354,632
General administration	1,718,904	3,466,885	3,242,245
Operation of plant	14,229,096	11,608,763	11,140,675
Transportation	4,471,860	4,614,088	4,497,363
Food service	6,205,766	5,889,498	6,600,640
Adult continuing education	832,749	2,368,403	2,505,852
Community services	2,563,870	2,154,419	2,202,001
Debt service	2,021,055	1,869,147	1,467,825
	<u>121,587,026</u>	<u>119,504,553</u>	<u>118,314,151</u>
TOTAL DISBURSEMENTS			
INCREASE IN NET ASSETS	<u>\$ 4,415,158</u>	<u>\$ 4,646,651</u>	<u>\$ 6,317,883</u>

The total cost of all programs and services was \$121,587,026. The District’s disbursements are predominately related to educating and caring for students (69%) and for the construction, maintenance and operation of plant facilities (12%). 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 2015 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, 2015

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 increased by \$5,114,110 for the year ended June 30, 2015.
- The Debt Service Fund retired \$2,550,000 in bond principal, and made net interest and bond fee payments of \$1,919,806 on outstanding bonds for total debt service disbursements of \$4,469,806.

FINANCIAL ANALYSIS OF GENERAL FUND BUDGET VERSUS ACTUAL RESULTS

	Budget		Actual
	Original	Final	
RECEIPTS			
Local	\$ 49,792,629	\$ 50,321,010	\$ 43,994,848
County	2,661,330	2,889,979	2,889,979
State	17,886,167	17,942,126	4,713,540
Federal	14,321,622	13,483,270	13,599,442
Other	315,500	333,792	341,292
TOTAL RECEIPTS	\$ 84,977,248	\$ 84,970,177	\$ 65,539,101
DISBURSEMENTS			
Instruction	\$ 12,983,435	\$ 13,477,865	\$ 12,264,570
Student services	3,593,388	3,729,217	3,540,193
Instructional staff support	4,962,884	4,973,513	4,193,913
Building administration	1,390,107	1,395,419	1,315,975
General administration	3,672,540	3,299,332	1,341,486
Operation of plant	12,606,863	12,918,757	13,131,177
Transportation	4,489,050	4,437,987	4,471,860
Food services	6,855,405	6,408,175	6,166,990
Adult continuing education	417,071	445,256	242,026
Community services	1,551,479	1,565,909	1,732,807
Debt service	-	-	121
TOTAL DISBURSEMENTS	\$ 52,522,222	\$ 52,651,430	\$ 48,401,118

Receipts

The District originally budgeted total receipts of \$84,977,248. The actual total receipts were \$65,539,101. This represents less receipts than originally budgeted by \$19,431,075, 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 \$52,522,222. The actual disbursements were \$48,401,118, which is \$4,121,104 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, 2015, the District had capital assets, net of depreciation of \$109,176,313. This reflects an increase of \$11,520,715 compared to the balance at June 30, 2014.

Long-Term Debt – Modified Cash Basis

The District uses the modified cash basis of accounting. Therefore, long-term debt of the District is not reflected in the financial statements. The following is a summary of the long-term debt of the District for the years ended June 30, 2015 and 2014.

SAINT JOSEPH SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (unaudited)
JUNE 30, 2015

	June 30,		
	2015	2014	2013
LONG-TERM DEBT			
General Obligation Bonds	\$ 54,650,000	\$ 50,920,000	\$ 50,530,000

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 2015. The District has budgeted a decrease in formula money for the 2015-16 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 2015-16 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 2015-16 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 2015-16 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 2015. The District is reviewing all insurances at this time and will be doing RFP’s in the 2015-16 in hopes to receive more competitive pricing to help control costs.
- Ongoing State recalculations of the State Adequacy Target (SAT), and the Dollar Value Modifier (DVM) suggest a further negative 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.

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, 2015

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and investments	\$ 55,042,632
Non-Current Assets	
Non-depreciable assets	
Land	2,444,191
Construction in progress	12,576,360
Depreciable assets	
Buildings and improvements	115,354,711
Furniture and equipment	8,954,754
Vehicles	1,779,730
Accumulated depreciation	<u>(31,933,433)</u>
	<u>109,176,313</u>
TOTAL ASSETS	164,218,945
LIABILITIES	
Current Liabilities	
Current portion of long-term debt obligations	2,750,000
Non-current Liabilities	
General obligation bonds	<u>51,900,000</u>
TOTAL NET POSITION	54,650,000
NET POSITION	
Net investment in capital assets	54,526,313
Restricted for debt service	5,456,982
Restricted for student activities	844,696
Restricted for bond proceeds	5,297,199
Restricted for professional development	63,075
Unrestricted	<u>43,380,680</u>
TOTAL NET POSITION	<u>\$ 109,568,945</u>

See accompanying notes.

SAINT JOSEPH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
Year Ended June 30, 2015

	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	\$ (70,793,734)	\$ 2,695,435	\$ 9,924,633	\$ 380,579	\$ (57,793,087)
Student services	(6,762,745)	-	354,718	-	(6,408,027)
Instructional staff support	(6,379,029)	-	1,042,129	-	(5,336,900)
Building administration	(5,608,218)	-	-	-	(5,608,218)
General administration	(1,718,904)	-	-	-	(1,718,904)
Operation of plant	(14,229,096)	-	-	-	(14,229,096)
Transportation	(4,471,860)	-	1,136,010	-	(3,335,850)
Food services	(6,205,766)	1,138,028	5,018,217	-	(49,521)
Adult continuing education	(832,749)	919,247	-	-	86,498
Community services	(2,563,870)	132,030	850,054	-	(1,581,786)
Debt service	(2,021,055)	-	-	-	(2,021,055)
NET PROGRAM (DISBURSEMENTS) RECEIPTS					
	<u>\$ (121,587,026)</u>	<u>\$ 4,884,740</u>	<u>\$ 18,325,761</u>	<u>\$ 380,579</u>	<u>(97,995,946)</u>
General Receipts:					
Ad valorem tax receipts					41,076,540
Prop C sales tax receipts					11,361,978
Other tax receipts					2,918,082
County receipts					3,464,013
State receipts					41,458,775
Interest receipts					1,032,653
Other receipts					1,082,876
TOTAL GENERAL RECEIPTS					
					<u>102,394,917</u>
Special Items:					
Net insurance recovery					13,570
Sale of other property					2,617
TOTAL SPECIAL ITEMS					
					<u>16,187</u>
INCREASE IN NET POSITION					
					4,415,158
NET POSITION - Beginning of year, as restated					
					<u>105,153,787</u>
NET POSITION - End of year					
					<u>\$ 109,568,945</u>

See accompanying notes.

FUND FINANCIAL STATEMENTS

SAINT JOSEPH SCHOOL DISTRICT
STATEMENT OF ASSETS AND FUND BALANCES – MODIFIED CASH BASIS
June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Bond Capital Projects Fund	Other Capital Projects Fund	Total Governmental Funds
ASSETS						
Cash and investments	\$ 29,198,892	\$ -	\$ 5,456,982	\$ 5,297,199	\$ 15,089,559	\$ 55,042,632
TOTAL ASSETS	\$ 29,198,892	\$ -	\$ 5,456,982	\$ 5,297,199	\$ 15,089,559	\$ 55,042,632
FUND BALANCES						
Restricted for:						
Debt service	\$ -	\$ -	\$ 5,456,982	\$ -	\$ -	\$ 5,456,982
Student activities	844,696	-	-	-	-	844,696
Bond proceeds	-	-	-	5,297,199	-	5,297,199
Professional development	63,075	-	-	-	-	63,075
Assigned to:						
Capital outlay	-	-	-	-	15,089,559	15,089,559
BCBS terminal liability	1,408,168	-	-	-	-	1,408,168
Unassigned	26,882,953	-	-	-	-	26,882,953
TOTAL FUND BALANCES	\$ 29,198,892	\$ -	\$ 5,456,982	\$ 5,297,199	\$ 15,089,559	\$ 55,042,632

See accompanying notes.

SAINT JOSEPH SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
 NET POSITION
 June 30, 2015

Fund balance - total governmental funds	\$ 55,042,632
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund:	
Governmental capital assets	141,109,746
Less accumulated depreciation	<u>(31,933,433)</u>
	109,176,313
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund	<u>(54,650,000)</u>
Net position of governmental activities	<u><u>\$ 109,568,945</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, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Bond Capital Projects Fund	Other Capital Projects Fund	Total Governmental Funds
RECEIPTS						
Local	\$ 43,994,848	\$ 13,731,293	\$ 3,763,504	\$ 293,754	\$ 232,178	\$ 62,015,577
County	2,889,979	209,030	365,004	-	-	3,464,013
State	4,713,540	41,458,775	-	-	383,175	46,555,490
Federal	13,599,442	-	-	-	10,183	13,609,625
Other	341,292	-	-	-	-	341,292
TOTAL RECEIPTS	65,539,101	55,399,098	4,128,508	293,754	625,536	125,985,997
DISBURSEMENTS						
Instruction	12,264,570	56,235,395	-	-	701,546	69,201,511
Student services	3,540,193	2,573,718	-	-	455	6,114,366
Instructional staff support	4,193,913	2,185,116	-	-	168,224	6,547,253
Building administration	1,315,975	4,292,243	-	-	-	5,608,218
General administration	1,341,486	530,177	-	-	-	1,871,663
Operation of plant	13,131,177	62,620	-	-	1,569,740	14,763,537
Transportation	4,471,860	-	-	-	-	4,471,860
Food services	6,166,990	-	-	-	38,776	6,205,766
Adult continuing education	242,026	581,384	-	-	9,339	832,749
Community services	1,732,807	830,219	-	-	844	2,563,870
Facilities acquisition and construction	-	-	-	12,344,078	561,814	12,905,892
Debt service	121	-	4,469,806	101,128	-	4,571,055
TOTAL DISBURSEMENTS	48,401,118	67,290,872	4,469,806	12,445,206	3,050,738	135,657,740
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	17,137,983	(11,891,774)	(341,298)	(12,151,452)	(2,425,202)	(9,671,743)
OTHER FINANCING SOURCES (USES)						
Sale of bonds	-	-	-	6,280,000	-	6,280,000
Net insurance recovery	7,072	-	-	-	6,498	13,570
Sale of other property	-	-	-	-	2,617	2,617
Operating transfers in	-	11,891,774	-	-	139,171	12,030,945
Operating transfers (out)	(12,030,945)	-	-	-	-	(12,030,945)
TOTAL OTHER FINANCING SOURCES (USES)	(12,023,873)	11,891,774	-	6,280,000	148,286	6,296,187
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	5,114,110	-	(341,298)	(5,871,452)	(2,276,916)	(3,375,556)
FUND BALANCE, July 1, 2014, as restated	24,084,782	-	5,798,280	11,168,651	17,366,475	58,418,188
FUND BALANCE, June 30, 2015	\$ 29,198,892	\$ -	\$ 5,456,982	\$ 5,297,199	\$ 15,089,559	\$ 55,042,632

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, 2015

Net change in fund balance - total governmental funds \$ (3,375,556)

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 depreciation exceeded capital outlay for the year.

Capital outlay	14,563,567
Depreciation	<u>(3,042,853)</u>
	11,520,714

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	2,550,000
Bond Proceeds	<u>(6,280,000)</u>
	<u>(3,730,000)</u>

Change in net position of governmental activities \$ 4,415,158

See accompanying notes.

SAINT JOSEPH SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION – MODIFIED CASH BASIS
 Year Ended June 30, 2015

	Private Purpose Trust	<u>Agency Funds</u>	
		<u>Scholarship</u>	<u>Other</u>
ASSETS			
Cash and investments	\$ 8,065	\$ 290,626	\$ 1,372
TOTAL ASSETS	8,065	290,626	1,372
LIABILITIES			
Estimated claims	8,065	-	-
Due to others	-	290,626	1,372
TOTAL LIABILITIES	8,065	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Nonspendable	-		
Restricted	-		
TOTAL NET POSITION	<u>\$ -</u>		

See accompanying notes.

SAINT JOSEPH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For The Year Ended June 30, 2015

	<u>Private Purpose Trust</u>
ADDITIONS	
Employee contributions	\$ 52,264
Donations, net of scholarships paid	-
Interest and change in market value	-
TOTAL ADDITIONS	<u>52,264</u>
DEDUCTIONS	
Benefits	<u>52,264</u>
TOTAL DEDUCTIONS	<u>52,264</u>
CHANGE IN NET POSITION	-
NET POSITION - June 30, 2014	<u>-</u>
NET POSITION - June 30, 2015	<u><u>\$ -</u></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.

Expendable Trust Funds – Accounts for assets held by the District in a trustee capacity for activity relating to the District's short-term disability plan.

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. 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 or 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 2014-2015 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2015 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. The difference between par value and purchase price is amortized on the straight-line basis as an adjustment to interest income over the period from purchase to maturity or call date, if appropriate.

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, 2015

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, 2015, all bank balances on deposit are entirely insured or collateralized with securities. The District’s participation in a prepaid P-card program resulted in the card account having a prepaid balance of \$500,000 that was not insured or collateralized.

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, 2015, are as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Fair Value</u>
Pro-rata shares of investment contracts with Wells Fargo Bank, N.A. through the Missouri School District Direct Deposit Program	N/A	N/A	N/A	\$ 1,890,164	\$ 1,890,164
Missouri Securities Investment Program (MOSIP) - Money Market Fund	N/A	0.04%	N/A	31,032	31,032
Missouri Securities Investment Program (MOSIP) - Certificates of Deposit	N/A	.35% - .73%	5/2/16	4,463,000	4,463,000

SAINT JOSEPH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE C – INVESTMENTS (continued)

<u>Investment Type</u>	<u>Rating</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of Deposit - UMB Bank	N/A	.20% - .45%	8/11/15 - 2/19/16	10,209,604	10,703,000
Certificates of Deposit - UMB Bank	N/A	.60% - .95%	8/1/16 - 12/28/16	498,772	499,376
Discount Notes at UMB Bank					
in the name of the District					
FHLMC	Aaa	0.350%	7/25/17	1,010,432	1,000,000
FHLMC	Aaa	1.375%	2/27/20	500,000	500,000
FHLB	Aaa	0.770%	3/17/17	500,000	500,000
FHLB	Aaa	1.000%	2/27/18	2,000,000	2,000,000
FNMA	Aaa	0.400%	9/20/17	2,518,168	2,500,000
FNMA	Aaa	0.609%	9/20/17	2,515,208	2,500,000
FNMA	Aaa	0.500%	11/15/17	3,008,982	3,000,000
FNMA	Aaa	0.500%	11/28/17	3,007,481	3,000,000
FNMA	Aaa	0.492%	12/28/17	3,007,398	3,000,000
FNMA	Aaa	0.650%	3/12/18	2,511,874	2,500,000
				<u>\$ 37,672,115</u>	<u>\$ 38,086,572</u>

Investment Contracts with Wells Fargo Bank, N.A.

Funds on deposit with Wells Fargo Bank, N.A. 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. Fair market value approximates 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, 2015, 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 the cash management fund has a current rating of AAAM. Fair market value approximates 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, 2015, the bank balances of the District's deposits totaled \$28.1 million. Of this amount, \$500,000 was covered by FDIC insurance and \$27.6 million was supported by collateral in custody at the Federal Reserve Bank. The District also had investments of \$38.1 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, 2015

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	43%
Federal Home Loan Bank	Federal Securities Agency	7%
Federal Home Loan Mortgage Corp.	Federal Securities Agency	4%

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 2014 for purposes of local taxation was:

Real estate	\$ 749,687,620
Personal property	<u>271,970,578</u>
	<u><u>\$ 1,021,658,198</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, 2015

NOTE D – TAXES (continued)

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 4.2755	\$ 3.7741
Debt Service Fund	.3145	.3145
	<u>\$ 4.5900</u>	<u>\$ 4.0886</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2015, aggregated approximately 98 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, 2015, 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%.	\$ 12,650,000
\$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%.	<u>6,280,000</u>
	<u>\$ 54,650,000</u>

SAINT JOSEPH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE E – GENERAL OBLIGATION BONDS PAYABLE (continued)

The following is a summary of bond transactions for the year ended June 30, 2015:

Bonds Payable, July 1, 2014	\$ 50,920,000
Bonds issued	6,280,000
Bonds retired	<u>(2,550,000)</u>
Bonds Payable, June 30, 2015	<u><u>\$ 54,650,000</u></u>

Debt service requirements are:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 2,750,000	\$ 1,975,390	\$ 4,725,390
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><u>\$ 54,650,000</u></u>	<u><u>\$ 18,104,750</u></u>	<u><u>\$ 72,754,750</u></u>

SAINT JOSEPH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

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, 2015, was:

Constitutional debt limit	\$ 153,248,730
General obligation bonds payable	(54,650,000)
Amount available in Debt Service Fund	<u>5,456,982</u>
LEGAL DEBT MARGIN	<u><u>\$ 104,055,712</u></u>

NOTE F – RETIREMENT PLANS

Public School 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 ("PSRS") is 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.

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

NOTE F – RETIREMENT PLANS (continued)

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. A Comprehensive Annual Financial Report (“CAFR”) can be obtained at www.psrs-peers.org.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 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. A Summary Plan Description detailing the provisions of the plan can be found on PSRS’ website at www.psrs-peers.org. Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

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

SAINT JOSEPH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE F – RETIREMENT PLANS (continued)

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

The District's contributions to PSRS were \$8,223,004 for the year ended June 30, 2015.

Pension Liability

At June 30, 2015, the District had a liability of \$50,322,190 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2014, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$7,898,983 paid to PSRS for the year ended June 30, 2014, relative to the actual contributions of \$643,964,894 from all participating employers. At June 30, 2014, the District's proportionate share was 1.2266%.

Actuarial Assumptions

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

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

- Measurement Date – June 30, 2014
- Valuation Date – June 30, 2014
- Expected Return on Investments – 8.00%, net of investment expenses and including 2.5% inflation
- Inflation – 2.50%

NOTE F – RETIREMENT PLANS (continued)

- Total Payroll Growth – 3.50% per annum, consisting of 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Future Salary Increases – 4.00% - 10.00%, depending on service and including 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.00% to 7.00%.
- Cost-Of-Living Increases – 2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase.
- Mortality Assumption:
 - Actives – RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
 - Non-Disabled Retirees, Beneficiaries and Survivors – RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
 - Disabled Retirees – RP 2000 Disabled Mortality Table
- Changes in Actuarial Assumptions and Methods – There were no changes in actuarial assumptions or methods for the June 30, 2014, valuation.
- Fiduciary Net Position – PSRS issues a publicly available financial report that can be obtained at www.psr-peers.org.
- Expected Rate of Return – The long-term expected rate of return on PSRS’ 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 PSRS’ target allocation as of June 30, 2014, 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, 2015

NOTE F – RETIREMENT PLANS (continued)

Asset Class	Target Asset Allocation	Long-Term Expected Real Return Arithmetic Basis	Weighted Long-Term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.85%	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	100.0%		4.78%
		Inflation	2.50%
		Long-term arithmetical nominal return	7.28%
		Effect of covariance matrix	0.81%
		Long-term expected geometric return	8.09%

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

NOTE F – RETIREMENT PLANS (continued)

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)	\$ 106,557,742	\$ 50,322,190	\$ 3,153,223

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 our participation in the Public Education Employee Retirement System of Missouri ("PEERS") is 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.

General Information about the Pension Plan

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

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. A Summary Plan Description detailing the provisions of the plan can be found on PSRS’ website at www.psrs-peers.org.

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

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

The District’s contributions to PEERS were \$1,468,690 for the year ended June 30, 2015.

Pension Liability

At June 30, 2015, the District had a liability of \$5,226,985 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2014, and determined by an actuarial valuation as of that date. The District’s proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$1,431,957 paid to PEERS for the year ended June 30, 2014, relative to the actual contributions of \$100,035,580 from all participating employers. At June 30, 2014, the District’s proportionate share was 1.4314%.

NOTE F – RETIREMENT PLANS (continued)

Actuarial Assumptions

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

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

- Measurement Date – June 30, 2014
- Valuation Date – June 30, 2014
- Expected Return on Investments – 8.00%, net of investment expenses and including 2.5% inflation
- Inflation – 2.50%
- Total Payroll Growth – 3.75% per annum, consisting of 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Future Salary Increases – 5.00% - 12.00%, depending on service and including 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.75% to 8.75%.
- Cost-Of-Living Increases – 2.0% compounded annually, beginning on the fourth January after retirement and capped at 80% lifetime increase.
- Mortality Assumption:
 - Actives – RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
 - Non-Disabled Retirees, Beneficiaries and Survivors – RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
 - Disabled Retirees – RP 2000 Disabled Mortality Table
- Changes in Actuarial Assumptions and Methods – There were no changes in actuarial assumptions or methods for the June 30, 2014, valuation.
- Fiduciary Net Position – PEERS issues a publicly available financial report that can be obtained at www.psr-peers.org.

SAINT JOSEPH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE F – RETIREMENT PLANS (continued)

- Expected Rate of Return – The long-term expected rate of return on PEERS’ 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 PEERS’ target allocation as of June 30, 2014, 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.

<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>

SAINT JOSEPH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE F – RETIREMENT PLANS (continued)

- **Discount Rate** – The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014, and is consistent with the long-term expected geometric return on plan investments. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.
- **Discount Rate Sensitivity** – The sensitivity of the District’s net pension liability to changes in the discount rate is presented below. The District’s net pension liability calculated using the discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.0% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

Discount Rate	<u>1% Decrease (7.00%)</u>	<u>Current Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Proportionate share of the Net Pension Liability / (Asset)	\$ 12,542,747	\$ 5,226,985	\$ (953,312)

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, 2015, 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.

SAINT JOSEPH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

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.

NOTE I – INTERFUND TRANSFERS

Transfers between funds of the District for the year ended June 30, 2015, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 12,030,945
Special Revenue Fund	11,891,774	-
Other Capital Projects Fund	139,171	-
	<u>\$ 12,030,945</u>	<u>\$ 12,030,945</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. The District also makes allowed transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balance as allowed by law.

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.

SAINT JOSEPH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE J – CAPITAL ASSETS (continued)

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.

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 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 90% to Instruction and 10% to Food Service. Depreciation expense for the years ended June 30 was charged to functions/programs of governmental activities as follows:

	2015	2014
Instruction	\$ 2,293,769	\$ 2,304,102
Support Services	648,379	667,856
Non-Instruction / Support Services	100,705	6,982
TOTAL	<u>\$ 3,042,853</u>	<u>\$ 2,978,940</u>

SAINT JOSEPH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE J – CAPITAL ASSETS (continued)

The following tables detail the changes in the District’s capital assets for the year ended June 30, 2015:

	Balance June 30, 2014, as restated	Additions	Deletions	Balance June 30, 2015
Governmental Activities:				
Non-depreciable assets				
Land	\$ 2,444,191	\$ -	\$ -	\$ 2,444,191
Construction in progress	20,102,185	12,566,359	20,092,184	12,576,360
Total non-depreciable assets	22,546,376	<u>\$ 12,566,359</u>	<u>\$ 20,092,184</u>	15,020,551
Depreciable				
Buildings and improvements	93,446,374	21,908,337	-	115,354,711
Equipment and furniture	8,773,699	181,055	-	8,954,754
Vehicles	1,779,730	-	-	1,779,730
Total depreciable assets	103,999,803	<u>\$ 22,089,392</u>	<u>\$ -</u>	126,089,195
Less Accumulated Depreciation	28,890,580	<u>\$ 3,042,853</u>	<u>\$ -</u>	31,933,433
Total depreciable capital assets, net of depreciation	<u>75,109,223</u>			<u>94,155,762</u>
Capital assets, net of depreciation	<u>\$ 97,655,599</u>			<u>\$ 109,176,313</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.

SAINT JOSEPH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

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 \$1,408,168 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.

NOTE N – RESTATEMENT

The District has identified the following restatements to fund balance/net position:

Governmental Activities

Net Position as previously stated, June 30, 2014	\$ 102,086,077
Capital assets, net of depreciation	1,743,975
Due to governmental funds	<u>1,323,735</u>
Net Position as restated, July 1, 2014	<u><u>\$ 105,153,787</u></u>

Business-type Activities

Net Position, as previously stated, June 30, 2014	\$ 3,067,710
Capital assets, net of depreciation	(1,743,975)
Due from governmental funds	<u>(1,323,735)</u>
Net Position as restated, July 1, 2014	<u><u>\$ -</u></u>

SAINT JOSEPH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE N – RESTATEMENT (continued)

General Fund

Fund Balance, as previously stated, June 30, 2014	\$ 23,531,854
Due to Adult Education Fund	<u>552,928</u>
Fund Balance, as restated, July 1, 2014	<u><u>\$ 24,084,782</u></u>

Adult Education Fund

Fund Balance, as previously stated, June 30, 2014	\$ 3,067,710
Close Adult Education Fund to General Fund	(1,743,975)
Due from governmental funds	<u>(1,323,735)</u>
Fund Balance, as restated, July 1, 2014	<u><u>\$ -</u></u>

Capital Improvement Fund

Fund Balance, as previously stated, June 30, 2014	\$ 16,595,669
Close 1/2 Cent Sales Tax Fund to Capital Improvement Fund	<u>770,807</u>
Fund Balance, as restated, July 1, 2014	<u><u>\$ 17,366,476</u></u>

SUPPLEMENTARY INFORMATION

SAINT JOSEPH SCHOOL DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS – PSRS
 Year Ended June 30, 2015

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%	89.30%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

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

SAINT JOSEPH SCHOOL DISTRICT
 SCHEDULE OF EMPLOYER CONTRIBUTIONS – PSRS
 Year Ended June 30, 2015

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%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

SAINT JOSEPH SCHOOL DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS – PEERS
 Year Ended June 30, 2015

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	25.0%	91.3%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

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

SAINT JOSEPH SCHOOL DISTRICT
 SCHEDULE OF EMPLOYER CONTRIBUTIONS – PEERS
 Year Ended June 30, 2015

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%

Note: This schedule is 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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
RECEIPTS				
Local	\$ 49,792,629	\$ 50,321,010	\$ 43,994,848	\$ (6,326,162)
County	2,661,330	2,889,979	2,889,979	-
State	17,886,167	17,942,126	4,713,540	(13,228,586)
Federal	14,321,622	13,483,270	13,599,442	116,172
Other	315,500	333,792	341,292	7,500
TOTAL RECEIPTS	84,977,248	84,970,177	65,539,101	(19,431,076)
DISBURSEMENTS				
Instruction	12,983,435	13,477,865	12,264,570	1,213,295
Student services	3,593,388	3,729,217	3,540,193	189,024
Instructional staff support	4,962,884	4,973,513	4,193,913	779,600
Building administration	1,390,107	1,395,419	1,315,975	79,444
General administration	3,672,540	3,299,332	1,341,486	1,957,846
Operation of plant	12,606,863	12,918,757	13,131,177	(212,420)
Transportation	4,489,050	4,437,987	4,471,860	(33,873)
Food services	6,855,405	6,408,175	6,166,990	241,185
Adult continuing education	417,071	445,256	242,026	203,230
Community services	1,551,479	1,565,909	1,732,807	(166,898)
Debt Service	-	-	121	(121)
TOTAL DISBURSEMENTS	52,522,222	52,651,430	48,401,118	4,250,312
EXCESS OF RECEIPTS OVER DISBURSEMENTS	32,455,026	32,318,747	17,137,983	(15,180,764)
OTHER FINANCING SOURCES (USES)				
Net insurance recovery	-	-	7,072	(7,072)
Operating transfers (out)	(38,587,567)	(38,484,627)	(12,030,945)	26,453,682
TOTAL OTHER FINANCING SOURCES (USES)	(38,587,567)	(38,484,627)	(12,023,873)	26,446,610
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	(6,132,541)	(6,165,880)	5,114,110	11,265,846
FUND BALANCE, July 1, 2014, as restated	24,380,795	24,084,782	24,084,782	-
FUND BALANCE, June 30, 2015	\$ 18,248,254	\$ 17,918,902	\$ 29,198,892	\$ 11,265,846

SAINT JOSEPH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
RECEIPTS				
Local	\$ 4,100,524	\$ 4,981,278	\$ 13,731,293	\$ 8,750,015
County	200,000	200,000	209,030	9,030
State	28,756,630	27,875,876	41,458,775	13,582,899
TOTAL RECEIPTS	33,057,154	33,057,154	55,399,098	22,341,944
DISBURSEMENTS				
Instruction	57,511,293	57,241,310	56,235,395	1,005,915
Student services	2,491,945	2,502,547	2,573,718	(71,171)
Instructional staff support	2,196,695	2,217,187	2,185,116	32,071
Building administration	4,296,422	4,306,554	4,292,243	14,311
General administration	544,885	545,797	530,177	15,620
Operation of plant	57,342	57,454	62,620	(5,166)
Transportation	57,342	57,456	-	57,456
Adult continuing education	647,980	664,081	581,384	82,697
Community services	753,959	862,537	830,219	32,318
TOTAL DISBURSEMENTS	68,557,863	68,454,923	67,290,872	1,164,051
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(35,500,709)	(35,397,769)	(11,891,774)	23,505,995
OTHER FINANCING SOURCES				
Operating transfers in	35,500,709	35,397,769	11,891,774	(23,505,995)
EXCESS OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	-	-	-	-
FUND BALANCE, July 1, 2014	-	-	-	-
FUND BALANCE, June 30, 2015	\$ -	\$ -	\$ -	\$ -

SAINT JOSEPH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 3,613,136	\$ 3,613,136	\$ 3,763,504	\$ 150,368
County	304,000	304,000	365,004	61,004
TOTAL RECEIPTS	3,917,136	3,917,136	4,128,508	211,372
DISBURSEMENTS				
Debt service	4,347,638	4,560,124	4,469,806	90,318
TOTAL DISBURSEMENTS	4,347,638	4,560,124	4,469,806	90,318
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(430,502)	(642,988)	(341,298)	301,690
FUND BALANCE, July 1, 2014	5,798,280	5,798,280	5,798,280	-
FUND BALANCE, June 30, 2015	<u>\$ 5,367,778</u>	<u>\$ 5,155,292</u>	<u>\$ 5,456,982</u>	<u>\$ 301,690</u>

SAINT JOSEPH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – BOND CAPITAL PROJECTS FUND
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 792,011	\$ 792,011	\$ 293,754	\$ (498,257)
TOTAL RECEIPTS	792,011	792,011	293,754	(498,257)
DISBURSEMENTS				
Facilities acquisition and construction	16,973,697	14,508,595	12,344,078	2,164,517
Debt service	-	-	101,128	(101,128)
TOTAL DISBURSEMENTS	16,973,697	14,508,595	12,445,206	2,063,389
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(16,181,686)	(13,716,584)	(12,151,452)	1,565,132
OTHER FINANCING SOURCES				
Sale of bonds	6,280,000	6,280,000	6,280,000	-
TOTAL OTHER FINANCING SOURCES	6,280,000	6,280,000	6,280,000	-
(DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	(9,901,686)	(7,436,584)	(5,871,452)	1,565,132
FUND BALANCE, July 1, 2014	11,168,651	11,168,651	11,168,651	-
FUND BALANCE, June 30, 2015	\$ 1,266,965	\$ 3,732,067	\$ 5,297,199	\$ 1,565,132

SAINT JOSEPH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
RECEIPTS				
Local	\$ 2,352,000	\$ 2,441,000	\$ 232,178	\$ (2,208,822)
State	774,779	685,779	383,175	(302,604)
Federal	-	-	10,183	10,183
TOTAL RECEIPTS	3,126,779	3,126,779	625,536	(2,501,243)
DISBURSEMENTS				
Instruction	1,144,709	750,622	701,546	49,076
Student services	1,800	1,800	455	1,345
Instructional staff support	310,400	690,400	168,224	522,176
General administration	7,500	7,937	-	7,937
Operation of plant	1,844,446	902,281	1,569,740	(667,459)
Food services	65,000	76,393	38,776	37,617
Community services	-	8,400	844	7,556
Adult continuing education	-	-	9,339	(9,339)
Facilities acquisition and construction	471,000	560,040	561,814	(1,774)
TOTAL DISBURSEMENTS	3,844,855	2,997,873	3,050,738	(52,865)
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(718,076)	128,906	(2,425,202)	(2,554,108)
OTHER FINANCING SOURCES				
Operating transfers in	3,086,858	3,086,858	139,171	(2,947,687)
Net insurance recovery	-	-	6,498	6,498
Sale of other property	-	-	2,617	2,617
TOTAL OTHER FINANCING SOURCES	3,086,858	3,086,858	148,286	(2,938,572)
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	2,368,782	3,215,764	(2,276,916)	(5,492,680)
FUND BALANCE, July 1, 2014	17,366,475	17,366,475	17,366,475	-
FUND BALANCE, June 30, 2015	<u>\$ 19,735,257</u>	<u>\$ 20,582,239</u>	<u>\$ 15,089,559</u>	<u>\$ (5,492,680)</u>

SAINT JOSEPH SCHOOL DISTRICT
NOTE TO BUDGETARY COMPARISON SCHEDULES
June 30, 2015

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, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
LOCAL					
Current taxes	\$ 36,513,275	\$ -	\$ 3,042,692	\$ -	\$ 39,555,967
Delinquent taxes	1,404,790	-	115,783	-	1,520,573
School district trust fund (Prop C)	-	11,361,978	-	-	11,361,978
Financial institution tax	-	232,144	-	-	232,144
M & M surcharge taxes	-	1,839,703	560,000	-	2,399,703
In lieu of tax	14,548	270,475	1,212	-	286,235
Tuition from individuals	15,555	-	-	-	15,555
Tuition - post secondary	919,247	-	-	-	919,247
Earnings on investments	579,518	-	43,817	409,318	1,032,653
Food service program	935,461	-	-	-	935,461
Food service non-program	202,567	-	-	-	202,567
Student activities	2,338,588	-	-	-	2,338,588
Community services	132,030	-	-	-	132,030
Other	987,518	26,993	-	116,614	1,131,125
TOTAL LOCAL	44,043,097	13,731,293	3,763,504	525,932	62,063,826
COUNTY					
Fines, escheats, etc.	-	209,030	-	-	209,030
State assessed utilities	2,889,979	-	365,004	-	3,254,983
TOTAL COUNTY	2,889,979	209,030	365,004	-	3,464,013
STATE					
Basic formula	-	37,126,090	-	-	37,126,090
Transportation	1,047,202	-	-	-	1,047,202
Early childhood special education	1,274,790	-	-	2,596	1,277,386
Basic formula - classroom trust fund	-	4,332,685	-	-	4,332,685
Career education / At risk	20,000	-	-	-	20,000
Educational screening program	466,054	-	-	-	466,054
Vocational	645,033	-	-	-	645,033
Food service	50,459	-	-	-	50,459
Adult education & literacy (AEL)	576,526	-	-	-	576,526
Voc/Tech Ed enhancement grant	-	-	-	380,579	380,579
Residential placement/Excess cost	1,501	-	-	-	1,501
Readers for the blind	657	-	-	-	657
High need fund	545,116	-	-	-	545,116
Other	86,202	-	-	-	86,202
TOTAL STATE	4,713,540	41,458,775	-	383,175	46,555,490

SAINT JOSEPH SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE (continued)
Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
FEDERAL					
Medicaid	476,756	-	-	-	476,756
Reserve officer training corps (ROTC)	191,277	-	-	-	191,277
Voc Ed Act - Title I, Basic Grant	379,749	-	-	-	379,749
Adult education and literacy (AEL)	307,967	-	-	9,339	317,306
IDEA Grants	23,157	-	-	-	23,157
IDEA	2,132,328	-	-	-	2,132,328
Early childhood special education	310,317	-	-	-	310,317
School lunch program	3,333,295	-	-	-	3,333,295
School breakfast program	1,455,005	-	-	-	1,455,005
After school snack program	7,229	-	-	-	7,229
Fresh fruits and vegetable program	172,229	-	-	-	172,229
ESEA, Title I	3,288,778	-	-	844	3,289,622
Title I, Part C - migrant education	87,968	-	-	-	87,968
ESEA, Title III	156,088	-	-	-	156,088
Education for homeless children & youth	248,840	-	-	-	248,840
ESEA, Title II, Part A	619,968	-	-	-	619,968
Pell grants	263,671	-	-	-	263,671
Other	144,820	-	-	-	144,820
TOTAL FEDERAL	13,599,442	-	-	10,183	13,609,625
OTHER SOURCES					
Sale of bonds	-	-	-	6,280,000	6,280,000
Net insurance recovery	7,072	-	-	6,498	13,570
Sale of other property	-	-	-	2,617	2,617
Tuition from other districts	98,000	-	-	-	98,000
Area voc fees from other LEAs	243,292	-	-	-	243,292
TOTAL OTHER SOURCES	348,364	-	-	6,289,115	6,637,479
TOTAL RECEIPTS	\$ 65,594,422	\$ 55,399,098	\$ 4,128,508	\$ 7,208,405	\$ 132,330,433

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, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Salaries	\$ 19,493,831	\$ 51,501,387	\$ -	\$ -	\$ 70,995,218
Teacher retirement	113,190	8,097,892	-	-	8,211,082
Non-teacher retirement	1,466,538	-	-	-	1,466,538
Social security	1,128,933	139,700	-	-	1,268,633
Medicare	267,354	710,990	-	-	978,344
Employee insurance	4,348,901	6,840,903	-	-	11,189,804
Tuition	536,357	-	-	-	536,357
Professional services	285,599	-	-	-	285,599
Audit	24,809	-	-	-	24,809
Technical services	5,974,873	-	-	-	5,974,873
Legal services	339,871	-	-	-	339,871
Property services	960,883	-	-	-	960,883
Contracted transportation to and from school	2,741,203	-	-	-	2,741,203
Other contracted pupil transportation	333,424	-	-	-	333,424
Travel	433,839	-	-	-	433,839
Property insurance	411,976	-	-	-	411,976
Other purchased services	1,073,076	-	-	150,000	1,223,076
General supplies	3,963,221	-	-	-	3,963,221
Regular textbooks	1,683,894	-	-	-	1,683,894
Library books	121,914	-	-	-	121,914
Food service - food only	8,077	-	-	-	8,077
Energy supplies	2,628,945	-	-	-	2,628,945
Other supplies	112,553	-	-	-	112,553
Buildings	-	-	-	9,431,215	9,431,215
Improvement to sites	-	-	-	3,673,706	3,673,706
Equipment - general	-	-	-	1,273,453	1,273,453
Equipment - instructional	-	-	-	829,043	829,043
Vehicles	-	-	-	37,399	37,399
Principal	-	-	2,550,000	-	2,550,000
Interest	121	-	1,916,931	-	1,917,052
Other	-	-	2,875	101,128	104,003
TOTAL DISBURSEMENTS	\$ 48,453,382	\$ 67,290,872	\$ 4,469,806	\$ 15,495,944	\$ 135,710,004

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, 2015

	<u>Contracted</u>	<u>District Owned</u>	<u>Contracted Disabled</u>	<u>Disabled District Owned</u>	<u>Total</u>
Non-certified salaries	\$ 34,196	\$ -	\$ -	\$ 548,347	\$ 582,543
Employee benefits	8,982	-	-	277,054	286,036
Purchased services	2,867,022	-	208,250	6,834	3,082,106
Supplies	254,133	642	-	93,799	348,574
Depreciation, net of adjustment	(513)	-	-	-	(513)
	<u>\$ 3,163,820</u>	<u>\$ 642</u>	<u>\$ 208,250</u>	<u>\$ 926,034</u>	<u>\$ 4,298,746</u>



**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, 2015, 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, 2015.

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 2015-001 to 2015-011.

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, 2015



**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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 Circular A-133 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, 2015. 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 each of Saint Joseph School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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.

Basis for Qualified Opinion on the Student Financial Aid 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 2015-012 through 2015-016 for proper program selection in previous years, proper reporting of change of enrollment status, for timely return of Title IV funds, and for proper reporting through the Common Origination of Disbursement (COD) reporting system disbursement information, 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 Aid 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, 2015.

Unmodified Opinion on the Other Major Federal Program

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 program for the year ended June 30, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, identified as items 2015-017 through 2015-018, to be material weaknesses.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 14, 2015

SAINT JOSEPH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Missouri Department of Elementary and Secondary Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	011-082	\$ 1,455,005
National School Lunch Program - Cash	10.555	011-082	3,333,295
- Commodities	10.555	011-082	259,100
After School Snack Program	10.555	011-082	<u>7,229</u>
			5,054,629
Fresh Fruits and Vegetables Program	10.582	011-082	<u>172,229</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			5,226,858
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Missouri Department of Elementary and Secondary Education			
Title I Grants to LEAs	84.010	011-082	3,026,895
Title I Grants to LEAs - Migrant	84.011	011-082	78,387
Education for Homeless Children and Youth	84.196	011-082	150,000
Vocational Rehabilitation Grant	84.126	011-082	144,820
Improving Teacher Quality State Grants	84.367	011-082	561,814
English Language Acquisition Grants	84.365	011-082	137,231
Perkins Vocational	84.048	011-082	333,962
Adult Education and Literacy	84.002	011-082	317,306
Special Education Grants Cluster			
Special Education Grants to States	84.027	011-082	2,494,636
Special Education Preschool Grants	84.173	011-082	<u>92,087</u>
			<u>2,586,723</u>
Direct			
Student Financial Aid Cluster			
Federal Pell Grant Program (Pell)	84.063	N/A	271,040
Federal Direct Student Loans (Direct Loan)	84.268	N/A	573,717
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	N/A	<u>5,703</u>
			<u>850,460</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			8,187,598
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Direct			
ROTC Language and Culture Training Grants	12.357	N/A	<u>191,277</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>191,277</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 13,605,733</u></u>

N/A – Not applicable

SAINT JOSEPH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
Year Ended June 30, 2015

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.
3. The District did not provide funds to subrecipients in the current year.

SAINT JOSEPH SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the basic financial statements presented on the modified cash basis of accounting.
2. No significant deficiencies were disclosed in the audit of the financial statements.
3. Eleven material weaknesses were disclosed in the audit of the financial statements.
4. No instances of noncompliance material to the financial statements were disclosed during the audit.
5. No significant deficiencies and two material weaknesses were disclosed during the audit of the major federal awards programs.
6. The auditors' report on compliance for the major federal award programs expresses a modified opinion on the student financial aid cluster program and an unmodified opinion on the remaining major federal program.
7. Audit findings that are required to be reported in accordance with Section 510(a) of Circular A-133 are reported in Section C of this schedule.
8. The following were major programs:

Child Nutrition Cluster	10.553 & 10.555
Student Financial Aid Cluster	84.063, 84.268 & 84.007
9. The threshold to determine a Type A program is \$401,032 of expenditures.
10. The Saint Joseph School District was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESSES

2015-001 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.

SAINT JOSEPH SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

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 will be hiring two additional accounting staff in the 2105-16 school year to help address this issue.

2015-002 Bank Reconciliations and Supporting Documentation

Condition: During the year ended June 30, 2015, 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.

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 2015-16 school year we will be working on a solution to utilize the accounting system to do monthly bank reconciliations.

SAINT JOSEPH SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

2015-003 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.

2015-004 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.

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.

SAINT JOSEPH SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

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.

2015-005 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.

2015-006 Bank Accounts

Condition: Current policies and procedures allowed two small employee courtesy funds to be established in the District's tax identification number but these accounts were not included in the District's general ledger.

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.

SAINT JOSEPH SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (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 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.

Response: 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

Condition: Current District policies and procedures do not result in the business office being notified of a student activity fundraising project in advance of the project's occurrence. Because of this, District budgets cannot be amended for project expenses in a timely manner.

Criteria: Student fundraising projects should be submitted to the business office for approval prior to the project being carried out. An appropriate request for approval should provide a description of the project, the anticipated date of the project, the anticipated receipts and disbursements related to the project, and a summary of the student organization's internal controls established for controlling any fundraising inventory or funds they collect up until they are deposited in District bank accounts.

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. In addition, unbudgeted expenditures occurring during the course of a fiscal year as projects are not being reported to the business office on a regular basis.

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.

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

SAINT JOSEPH SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

2015-008 Review and Reconciliation of Capital Asset Listings

Condition: Due to employee turnover, the District has not completed a physical inventory of its capital assets within the last year.

Criteria: 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 create and implement a policy instituting periodic physical inventories of capital assets.

Response: 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

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.

SAINT JOSEPH SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

2015-010 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.

2015-011 Compliance with State Statutes – Collateralization of Deposits

Condition: During the audit of the financial statements, we noted that the District participated in a prepaid purchase card program with U.S. Bank. This card agreement calls for prepayment of the transactions on the card effectively creating a deposit with U.S. Bank for any unexpended amounts. These balances are not collateralized or otherwise secured at June 30, 2015. As of June 30, 2015, the prepaid carrying balance on this program was \$500,000.

Criteria: Sections 110.01 and 110.020, RSMO require that District deposits be adequately secured at all times.

Effect: Risk is present that these funds could be lost in the event of a bank failure.

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.

Response: The District is working on a plan to eliminate the secured purchasing card and issue an unsecured purchasing card program.

SAINT JOSEPH SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

COMPLIANCE FINDINGS – 2015-012 through 2015-016

U.S. DEPARTMENT OF EDUCATION

Student Financial Aid 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

Condition: The District currently has no process that results in one person in the business office assembling a SEFA. Each federal program has a designated person who is responsible for that program. As a result of this process historically, the Student Financial Aid Cluster was not included properly on the SEFA in the previous three years of audits.

Criteria: The District is required to produce an accurate and complete Schedule of Expenditures of Federal Awards (SEFA). Each major federal program of the District must be audited as a major program at least every third fiscal year.

Effect: Due to incorrect SEFA preparation, the Student Financial Aid Cluster was not audited as a major federal program during fiscal years ending June 30, 2012, 2013 or 2014.

Cause: The District processes did not include adequate steps to ensure correct reporting of all expenditures of federal awards.

Questioned cost: The District expended \$486,563, \$701,707, and \$1,105,955 in the Student Financial Aid Cluster for years ended June 30, 2012, 2013, and 2014, respectively.

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.

Response: The District will review current policy and procedure for major federal programs. We will also be doing cross training within the District to help with separation of duties and coverage for when employees are gone.

SAINT JOSEPH SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT
(continued)

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

Condition: The District serves as the Title IV officials for the Hillyard Technical Center. In the course of performing a three year lookback for major program determination, we noted that the Student Financial Aid Cluster had not been audited as a major program despite exceeding the Type A threshold each of the preceding three years.

Criteria: OMB Circular A-133 requires that all Type A programs must be tested at a minimum every third year.

Effect: The District did not provide information to their auditors that would allow for proper major federal program determination and the Student Financial Aid Program Cluster was not audited as a major federal program during the years ended June 30, 2012, 2013, or 2014.

Cause: District personnel did not properly include all elements of the Student Financial Aid Cluster in the SEFA for the years ended June 30, 2012, 2013, or 2014.

Questioned costs: Questioned costs will be equal to the amount of Student Financial Aid Cluster dollars expended during each of the years ended June 30, 2012, 2013, and 2014.

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.

Response: District is reviewing this and working on addressing it in 2015-16 school year.

2015-014 Student Financial Aid Cluster – 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

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

SAINT JOSEPH SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT
(continued)

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 2015-16.

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

Condition: The District did not properly carry out the R2T4 process for the spring semester of the 2014-15 fiscal year. This was primarily due to the employee who handles this process being out on leave at the time.

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.

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 2015-16.

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

Condition: The District did properly report through the Common Origination of Disbursement (COD) reporting system disbursement information.

Criteria: The District must report disbursement records to the Department of Education through the COD reporting system. Disbursement record reports must include actual disbursement date and the amount of the disbursement.

SAINT JOSEPH SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT
(continued)

Effect: The District did not have proper procedures to ensure that COD reporting was accurate. This resulted in many students showing disbursement dates that were slightly different than the actual disbursement date as shown in the District's records.

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 worked to correct the reporting of disbursements.

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.

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

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

Condition: The District currently has no process that results in one person in the business office assembling a SEFA. Each federal program has a designated person who is responsible for that program. This situation results in a lack of accountability for preparation of an accurate SEFA and major program identification.

Criteria: Policies and procedures of the District should include designation of an individual in the business office who will put all program information together to ensure correct reporting of the information on the SEFA.

Effect: Risk is present that errors or irregularities in amounts that would be material to an A-133 single audit of major programs 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
Year Ended June 30, 2015

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT
(continued)

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.

Response: The District is reviewing its policies and procedures. The District will also identify an employee to prepare and monitor SEFA and develop a training plan in 2015-16.

2015-018 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 and the Federal Pell Grant Program, CFDA No 84.063 which are parts of the Student Financial Aid Cluster of programs. These instances of non-compliance have been documented in findings 2015-012 through 2015-016.

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.

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 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.

Response: The District is reviewing its policies and procedures and will develop a training plan in 2015-16 to monitor ongoing compliance with grant requirements.

SAINT JOSEPH SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2015

There were no prior year audit findings.

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, 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, 2015. 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.

Our examination disclosed the District did not meet compliance with Missouri laws and regulations regarding collateralization of bank deposits as certain deposits were not adequately collateralized at various times during the year.

In our opinion, except for the conditions described in the preceding paragraph (paragraph 3), management's assertions referred to above are fairly stated, in all material respects, with the aforementioned requirements for the year ended June 30, 2015.

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, 2015

www.kpmcpa.com

1445 E. Republic Road, Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street Suite 200, Branson, MO 65616 | 417-334-2987 | fax 417-336-3403
Member CPA Associates International, Inc., with offices in principal U.S. and international cities

SAINT JOSEPH SCHOOL DISTRICT 011-082
 SCHEDULE OF SELECTED STATISTICS
 Year Ended June 30, 2015

1. Calendar (Sections 160.041 and 171.031, RSMo)

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

Kindergarten – Grade 6	1,082.60
Grade 7 – Grade 8	1,107.20
Grade 9 – Grade 12 - Benton	1,103.20
Grade 9 – Grade 12 – Central	1,097.20
Grade 9 – Grade 12 – Lafayette	1,107.20

B. The number of days classes were in session and pupils were under the direction of the teachers during this school year was 164.

2. Average Daily Attendance (ADA)

Average Daily Attendance:

Regular term:

Kindergarten – Grade 5	6,065.19
Grade 6 – Grade 8	1,570.07
Grade 9 – Grade 12	<u>2,987.55</u>
Total regular term	10,622.81

Extended school year (ESY)	4.28
Summer school average daily attendance	<u>264.27</u>

Total Average Daily Attendance 11,891.36

3. September Membership

September Membership FTE Count 11,409.75

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

State FTE Total	Free	5,946.25
	Reduced	<u>932.00</u>
	Total	<u><u>6,878.25</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 not adequately secured during the year as required by Sections 110.010 and 110.020, RSMo.

SAINT JOSEPH SCHOOL DISTRICT 011-082
SCHEDULE OF SELECTED STATISTICS (continued)
Year Ended June 30, 2015

5. Finance (continued)

- 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 2013-2014 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 \$356,700.

Item B from above is identified as a finding – see 2015-011.

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 4,663.50 and the average number of students transported on a regular basis (ADT) ineligible to be counted for state transportation aid was 1,470.50.
- 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 955,161. Of this total, the eligible non-disabled and students with disabilities route miles were 798,952 and the ineligible non-route and disapproved miles combined were 156,209.
- F. The District operated the school transportation system for 164 days during this school year.

There were no findings noted above.