

ST. CHARLES R-VI SCHOOL DISTRICT

ST. CHARLES, MISSOURI

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2012

ST. CHARLES R-VI SCHOOL DISTRICT
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FINANCIAL SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the Members of
The Board of Education
St. Charles R-VI School District

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Charles R-VI School District, Missouri, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the St. Charles R-VI School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note I, St. Charles R-VI School District prepares its financial statements on the basis of modified cash receipts and disbursements which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities and each major fund of the District, as of June 30, 2012, and the respective changes in financial position-modified cash basis, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America, as applicable to a modified cash basis of accounting.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting, require that the such as management's discussion and analysis and budgetary comparison information on pages 3-10 and 30-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the budgetary comparison on pages 34-36, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other information, state compliance section on pages 37-41, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The state compliance section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2012, and have issued our report thereon dated August 31, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the Districts financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from the relates 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Daniel Jones & Associates

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

August 31, 2012

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)

The School District of the City of St. Charles believes teaching and learning are the two most important activities that occur in our community. Its mission is to provide the care, leadership, and instructional skills necessary to ensure that effective learning occurs for each student. It is also important that this philosophy be incorporated in all aspects and operations of the District and that District finances support this philosophy. This is the District's goal and commitment.

Following is a discussion and analysis of the District's financial performance, which provides an overview of the financial activities for the fiscal year-ended June 30, 2012. This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement NO. 34: *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments* issued June 2000.

This management's discussion and analysis is provided at the beginning of the audit to provide, in layman's terms, the past and current position of the school district's financial condition. This summary should not be taken as a replacement for the audit, which consists of the financial statements and other supplemental information that presents all the school district's revenue and expenditures by program for the General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund.

ENROLLMENT

The City of St. Charles school district is a seven-director district with an organizational structure that includes twelve campuses (six elementary, two middle schools, two high schools, one area vocational /technical school and one alternative school), an administration center and maintenance and receiving center. All Kindergarten through 4th grade children attends one of the following elementary schools: Blackhurst, Coverdell, Harris, Lincoln, Monroe and Null. Whereas, all 5th and 6th grade children attend Jefferson Middle School and all 7th and 8th grade children attend Hardin Middle. The 9th through 12th comprehensive schools are St. Charles High and St. Charles West. The Alternative School is housed on the campus of St. Charles High School. The District FTE Membership was 4,996.62 for the Fall Count 2011-12, which was down from 5,072.58 for the Fall Count 2010-2011.

During the 2011-12 school year the District's six Early Childhood Pre-School Programs received their accreditation. The Preschool Program achieved recognition of excellence through Missouri Accreditation distinguishing it as an exemplary program offering high quality programming to the children of Missouri. In addition, the Stephen Blackhurst Elementary School was reopened and is proudly serving the community once again. The District evaluated its transportation options and chose to have a district-operated transportation system beginning June 1, 2011. District enrollment has declined in recent years. Enrollment is expected to continue a slow decline in the High Schools for another one to two years. Enrollment in the Middle Schools is expected to hold relatively stable, while enrollment in the elementary schools has begun to and should continue to increase slightly over the next several years. Total District enrollment is expected to stabilize in one to two years then begin a gradual increase.

FINANCIAL HIGHLIGHTS

The District's financial statements provide insight into the results of this year's operations. The overall condition of all funds, both instructional financial activities, remains stable for the school district. The District is making positive movement towards it financial goals. Continued progress will ensure the availability of resources in coming years. The School District's 2011-12 Unrestricted Ending Fund Balance (Incidental and Teachers Funds) was 21.86% up from 20.42% from 2010-11.

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)

USING THIS ANNUAL REPORT

The School District's annual report consists of a series of financial statements that show information for the School District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Assets and the Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. The governmental activities statement explains how the District finances its services in the short-term, as well as what remains for future spending. Fund statements offer insight into the School District's overall financial health. Fund financial statements report the School District's operation in more detail than the government-wide financial statements by providing information about the School District's most significant funds; such as, the School District's General Fund, Special Fund, Debt Service Fund and Capital Projects Fund.

District auditors have provided assurance in their independent auditor's report, which immediately follows this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditors regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities are prepared to include all assets and any payroll liabilities, using the modified cash basis of accounting. Accrual basis of accounting is used by most private-sector companies. Most school districts use the modified cash basis of accounting. The difference is accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid. The cash basis of accounting reports revenues when money is received and expenditures when money is paid.

These two statements report the School District's net assets – the difference between assets and liabilities, as reported in the Statement of Net Assets -- as one way to measure the School District's financial position. Over time, increases or decreases in the School District's net assets can be an indicator of its financial stability.

The Statement of Net Assets and Statement of Activities report the following activity for the School District:

Governmental Activities: Most of the School District's services, ranging from instruction to support and operation of the plant, are reported within this area.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The School District's financial statements provide detailed information about the School District's most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (i.e., the School Food Service Fund or the Adult Education Fund) or to show that it is meeting legal responsibilities for using certain dollars (i.e., dollars received from grant funding).

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS (Concluded)

These governmental funds use the following accounting approach:

Governmental Funds: Most of School District's services are reported as governmental funds. This style of reporting shows how money flows into and out of the funds and the balances left at year-end that is available for spending in the future. They are reported using an accounting method called cash basis accounting, which measures cash and all other financial assets that can readily be converted to cash.

THE SCHOOL DISTRICT AS A TRUSTEE

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity Funds and Endowment Funds. All of the School District's fiduciary activities are reported in the General Fund as restricted funds. These activities are restricted from the School District's other funds because the School District cannot use these assets to finance its operations.

	2012	2011	% of Change
Endowments	\$303,118.77	\$310,332.98	(2.325%)

THE SCHOOL DISTRICT AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the St. Charles School District, net assets total \$20,119,760.21 (unreserved \$14,738,798.31; reserved being Debt Service \$5,077,847.13 and the endowments \$303,118.77) as of June 30, 2012 and \$20,850,450.21 (unreserved \$14,019,469.04; reserved being Debt Service \$6,520,648.19 and the endowments \$310,332.98) as of June 30, 2011. The District may use the unreserved portion of its net assets to meet future spending.

A comparative analysis of fiscal year 2012 to 2011 follows:

Condensed Statement of Net Assets
Year Ended June 30
(in millions)

	Governmental Activities		Business-type Activities		Total School District		% of Change
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
Current Assets	19,198,640.23	19,939,974.55	618,001.21	600,142.69	19,816,641.44	20,540,117.24	-3.52%
Endowments	303,118.77	310,332.98			303,118.77	310,332.98	-2.32%
Current Liabilities	-	-	-	-	-	-	0.00%
Total Net Assets	19,501,759.00	20,250,307.53	618,001.21	600,142.69	20,119,760.21	20,850,450.22	

This year, as well as last year, the District was able to report positive balances in all three categories of net assets, both for the District as a whole, as well as for its separate governmental and finance-type activities.

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Changes in Net Assets
Year Ended June 30
(in millions)

	Governmental Activities		Business-type Activities		Total School District		% of Change
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
Revenues:							
Local Taxes	48,554,919.99	48,962,821.46			48,554,919.99	48,962,821.46	-0.83%
Other Local Taxes	3,588,010.38	1,867,361.23		1,052,996.75	3,588,010.38	2,920,357.98	22.86%
County	929,664.04	877,570.55			929,664.04	877,570.55	5.94%
State	13,094,253.11	11,885,484.48			13,094,253.11	11,885,484.48	10.17%
Federal	4,369,518.61	6,505,242.41			4,369,518.61	6,505,242.41	-32.83%
Bond Rer/Prop	8,653,739.94	2,918,167.16			8,653,739.94	2,918,167.16	196.55%
Sale/Ins							
Other Revenue	1,759,577.47	1,668,412.38			1,759,577.47	1,668,412.38	5.46%
Total	80,949,683.54	74,685,059.67	-	1,052,996.75	80,949,683.54	75,738,056.42	6.88%
Expenditures:							
Instruction	34,235,518.18	33,426,473.56			34,235,518.18	33,426,473.56	2.42%
Student Activity		-	1,893,595.18	1,906,227.35	1,893,595.18	1,906,227.35	-0.66%
Tuition	1,017,414.90	895,751.46			1,017,414.90	895,751.46	13.58%
Student Services	3,337,989.45	3,199,499.11			3,337,989.45	3,199,499.11	4.33%
Instr Staff Improve	1,176,361.83	1,256,764.14			1,176,361.83	1,256,764.14	-6.40%
Executive Admin	2,681,803.91	3,000,546.08			2,681,803.91	3,000,546.08	-10.62%
Building Admin	4,094,497.59	3,713,288.66			4,094,497.59	3,713,288.66	10.27%
Operation of Plant	6,889,305.52	6,409,061.53			6,889,305.52	6,409,061.53	7.49%
Transportation	3,477,685.64	4,132,328.50			3,477,685.64	4,132,328.50	-15.84%
Food Service	2,001,269.27	2,063,713.86			2,001,269.27	2,063,713.86	-3.03%
Central Office Admin	2,349,579.84	2,355,692.48			2,349,579.84	2,355,692.48	-0.26%
Other Support Svcs	106,968.64	110,599.53			106,968.64	110,599.53	-3.28%
Adult Ed/Cust Train	1,497,591.08	1,263,420.18			1,497,591.08	1,263,420.18	18.53%
Community Service	517,669.48	539,412.68			517,669.48	539,412.68	-4.03%
Facilities Acq/Constr	26,342.25	476,060.32			26,342.25	476,060.32	-94.47%
Principal, Interest, Fees	16,376,780.79	10,151,550.98			16,376,780.79	10,151,550.98	61.32%
Total	79,786,778.37	72,994,163.07	1,893,595.18	1,906,227.35	81,680,373.55	74,900,390.42	9.05%
Inc/(Dec) Net Assets	1,162,905.17	1,690,896.60	(1,893,595.18)	(853,230.60)	(730,690.01)	837,666.00	-2.17%

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$81,680,373.55. However, the amount that taxpayers ultimately financed for these activities through School District taxes was only \$48,554,919.99 (local revenue) because some of the costs were paid by other local sources (\$3,588,010.38); county (\$929,664.04); state (\$13,094,253.11); federal (\$4,369,518.61); and other sources (\$1,759,577.47); with additional revenue from either bond proceeds or sale of property (\$8,653,739.94).

The table below, presents the cost of each of the School District's largest functions, as well as each function's, net cost (total cost less revenues generated by the activities). As discussed above, the net cost represents the financial burden that was placed on the School District's taxpayers by each of these functions. Providing this information allows citizens to consider the cost of each function in comparison to the benefits provided by that function.

Total vs Net Cost of Services

Year Ended June 30

(in millions)

	Total Cost of Services		% of Change	Net Cost of Services		% of Change
	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>	
Government Activities:						
Instruction	34,235,518.18	33,426,473.56	2.42%	28,187,317.98	27,571,082.77	2.24%
Tuition	1,017,414.90	895,751.46	13.58%	944,601.41	895,751.46	5.45%
Student Services	3,337,989.45	3,199,499.11	4.33%	1,484,323.17	1,272,552.71	16.64%
Instr Staff Improve	1,176,361.83	1,256,764.14	-6.40%	828,618.11	833,143.77	-0.54%
Executive Admin	2,681,803.91	3,000,546.08	10.62%	2,132,294.24	2,355,931.18	-9.49%
Building Admin	4,094,497.59	3,713,288.66	10.27%	3,692,053.43	3,357,314.49	9.97%
Operation of Plant	6,889,305.52	6,409,061.53	7.49%	4,955,184.06	4,678,408.29	5.92%
Transportation	3,477,685.64	4,132,328.50	15.84%	3,294,803.00	3,619,619.84	-8.97%
Food Service	2,001,269.27	2,063,713.86	-3.03%	1,996,367.96	2,058,812.55	-3.03%
Central Office Admin	2,349,579.84	2,355,692.48	-0.26%	1,467,822.52	1,522,134.28	-3.57%
Other Support Svcs	106,968.64	110,599.53	-3.28%	-	-	0.00%
Adult Ed/Cust Train	1,497,591.08	1,263,420.18	18.53%	605,032.67	480,675.06	25.87%
Community Service	517,669.48	539,412.68	-4.03%	225,437.30	166,562.27	35.35%
Facilities Acq/Constr	26,342.25	476,060.32	94.47%	26,342.25	476,060.32	94.47%
Principal, Interest, Fees	16,376,780.79	10,151,550.98	61.32%	16,376,780.79	10,151,550.98	61.32%
Total Gov Activity	79,786,778.37	72,994,163.07	9.31%	66,216,978.89	59,439,599.97	11.40%
Business Type Activities:						
Student Activities	1,893,595.18	1,906,227.35	-0.66%			
Total Business Activities	1,893,595.18	1,906,227.35				
Total	81,680,373.55	74,900,390.42	9.05%			

MAJOR GOVERNMENTAL FUNDS BUDGETING & OPERATING HIGHLIGHTS

The School District's budgets are prepared in accordance with Missouri state law. The four funds required by law are the General Fund, Special Fund, Debt Service Fund and Capital Projects Fund.

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)

GENERAL FUND

The General Fund actual revenue was \$31,087,477.55. That amount exceeds the ending budget estimate of \$30,973,298.00 reflected in the financial summary.

The actual expenditures of the General Fund were \$24,192,526.74; which is below the ending budget estimate of \$25,197,727.00 in the financial summary.

The General Fund had a beginning balance of \$13,046,187.32; total revenue of \$31,087,477.55; expenditures of \$24,192,526.74; and transfers-out totaling \$5,808,710.39; resulting in an ending balance of \$14,132,427.74 with a restricted balance of \$303,118.77 that pertains to established endowments for student scholarships.

SPECIAL FUND

The Special Revenue Fund actual revenue was \$33,335,465.16. That amount is below the ending budget estimate of \$33,902,126.00 reflected in the financial summary.

The actual expenditures of the Special Fund were \$39,083,207.45; which is below the ending budget estimate of \$39,748,062.00 in the financial summary.

The Special Fund had a zero beginning balance; total revenue of \$33,335,465.16; expenditures of \$39,083,207.45; and transfers-in totaling \$5,747,742.29 resulting in a zero ending balance.

DEBT SERVICE FUND

The Debt Service Fund actual revenue was \$14,773,017.23. That amount is above the ending budget estimate of \$14,760,983.00 reflected in the financial summary.

The actual expenditures of the Debt Service Fund were \$16,215,818.29; which is below the ending budget estimate of \$16,218,384.00 in the financial summary.

The Debt Service Fund had a beginning balance of \$6,520,648.19; total revenue of \$14,773,017.23; expenditures of \$16,215,818.29; and zero transfers; resulting in an ending balance of \$5,077,847.13.

CAPITAL PROJECTS FUND

The Capital Projects Fund actual revenue was \$1,753,723.61. That amount exceeds the ending budget estimate of \$1,625,768.00 reflected in the financial summary.

The actual expenditures of the Capital Projects Fund were \$2,188,821.07; which is below the ending budget estimate of \$2,190,514.00 in the financial summary.

The Capital Projects Fund had a beginning balance of \$1,283,614.70 (of which \$0 was related to Bond Issue); total revenue of \$1,753,723.61; expenditures of \$2,188,821.07; and transfers-in equaling \$60,968.10 (all \$60,968.10 was Food Service); resulting in an ending balance of \$909,485.34 – of which \$0.00 relates to Bond Issue.

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)

GOVERNMENTAL FUND REVENUES

The total *governmental* fund revenues of the District were \$74,685,059.67. The breakdown by dollar and percentage are as follows:

Revenues:		
Local Taxes	48,962,821.46	65.5591%
Other Local Taxes	1,867,361.23	2.5003%
County	877,570.55	1.1750%
State	11,885,484.48	15.9141%
Federal	6,505,242.41	8.7102%
Bond Rer/Prop		
Sale/Ins	2,918,167.16	3.9073%
Other Revenue	<u>1,668,412.38</u>	2.2339%
Total	74,685,059.67	

DEBT ADMINISTRATION

Outstanding Debt

As of June 30, 2012, the School District had \$32,437,083.30 in general obligation bonds outstanding. This is a (-12.30%) decrease from the prior year's indebtedness of \$36,985,386.85. The yearly amount of bonds outstanding is a legal obligation of St. Charles City School District. The revenue source for the repayment of all outstanding debt is local taxes generated with a dedicated tax levy especially for these obligations. Annual debt service principal and interest payments are made in accordance with an amortization schedule. The School District has maintained and continues to maintain an AAA insured bond rating. A state statute sets the amount of general obligation debt that a school district may issue. The current debt limitation for St. Charles City School District is greater than the outstanding debt of the District.

	Government Activity 2011	Government Activity 2010	Percent of change
General Obligation Bonds	\$36,985,386.85	\$41,220,268.60	(10.27%)

In addition, the St. Charles City School District entered into a lease purchase as of June 15, 2009 in the amount of \$1,115,000.00 for turf fields at St. Charles High School and St. Charles West. These Taxable Build America Bonds are amortized until March 2019.

	BABs Activity 2012	BABs Activity 2011	Percent of change
Lease Purchase	\$ 835,000.00	\$ 935,000.00	(10.70%)

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Contacting the District

ADMINISTRATION

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FINANCIAL STATEMENTS

ST. CHARLES R-VI SCHOOL DISTRICT
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
AS OF JUNE 30, 2012

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash and cash equivalents (Note II)	\$ 13,829,308.97
Investments	-
Total current assets	<u>13,829,308.97</u>
Restricted assets:	
Student Scholarships	
Cash	8,118.77
Investments	295,000.00
Debt Service	
Cash	3,841,847.13
Investments	1,236,000.00
Capital Projects	
Cash	<u>909,485.34</u>
Total restricted assets	<u>6,290,451.24</u>
Total assets	<u><u>20,119,760.21</u></u>
Net Assets	
Reserved for:	
Capital Outlay	751,860.34
Capital Projects	157,625.00
Student Scholarships	303,118.77
Restricted for:	
Debt Service	5,077,847.13
Unrestricted	<u>13,829,308.97</u>
Total net assets	<u><u>\$ 20,119,760.21</u></u>

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

ST. CHARLES R-VI SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 37,146,528.26	\$ 3,038,030.26	\$ 15,168,014.44	\$ 217,718.96	\$ (18,722,764.60)
Attendance	64,960.74	-	-	-	(64,960.74)
Guidance	2,019,986.46	-	-	-	(2,019,986.46)
Health, Psych Speech and Audio	1,253,042.25	-	-	-	(1,253,042.25)
Improvement of Instruction	344,676.50	-	211,668.00	-	(133,008.50)
Professional Development	67,049.83	-	-	-	(67,049.83)
Media Services (Library)	764,635.50	-	-	-	(764,635.50)
Board of Education Services	316,293.81	-	-	-	(316,293.81)
Executive Administration	2,365,510.10	-	-	-	(2,365,510.10)
Building Level Administration	4,094,497.59	-	-	-	(4,094,497.59)
Business Central Service	-	-	-	-	-
Operation of Plant	6,674,302.77	-	-	-	(6,674,302.77)
Security Services	215,002.75	-	-	-	(215,002.75)
Pupil Transportation	3,477,685.64	48,288.00	785,016.00	-	(2,644,381.64)
Food Services	2,001,269.27	963,561.22	1,081,354.32	-	43,646.27
Central Office Support Services	2,349,579.84	-	-	-	(2,349,579.84)
Other Supporting Services	106,968.64	-	-	-	(106,968.64)
Adult Education	1,497,591.08	-	-	-	(1,497,591.08)
Community Services	517,669.48	-	72,923.09	-	(444,746.39)
Capital Outlay	26,342.25	-	-	-	(26,342.25)
Debt Service:					
Principal Retirement	13,003,303.55	-	-	-	(13,003,303.55)
Interest and Fiscal Charges	3,373,477.24	-	-	-	(3,373,477.24)
Total Governmental activities	<u>81,680,373.55</u>	<u>4,049,879.48</u>	<u>17,318,975.85</u>	<u>217,718.96</u>	<u>(60,093,799.26)</u>
Totals	<u>\$ 81,680,373.55</u>	<u>\$ 4,049,879.48</u>	<u>\$ 17,318,975.85</u>	<u>\$ 217,718.96</u>	<u>(60,093,799.26)</u>
General revenues:					
Property taxes, levied for general purposes					38,729,432.58
Property taxes, levied for debt service					5,448,414.84
Other taxes					418,362.10
Prop C - Sales tax					4,299,013.63
Federal, State and County aid not restricted to specific purposes					929,664.05
Interest and investment earnings					884,482.12
Bond Proceeds					-
Refunding Bonds Proceeds					8,355,000.00
Miscellaneous					298,739.94
Subtotal, general revenues					<u>59,363,109.26</u>
Changes in net assets					(730,690.00)
Net assets July 1, 2011					<u>20,850,450.21</u>
Net assets June 30, 2012					<u><u>\$ 20,119,760.21</u></u>

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

ST. CHARLES R-VI SCHOOL DISTRICT
STATEMENT OF ASSETS, LIABILITIES & FUND BALANCE - MODIFIED CASH BASIS
ALL GOVERNMENTAL FUND BALANCES
AS OF JUNE 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents (Note II)	\$ 13,829,308.97	\$ -	\$ -	\$ 909,485.34	\$ 14,738,794.31
Investments	-	-	-	-	-
Restricted Assets					
Student Scholarships					
Cash	8,118.77	-	-	-	8,118.77
Investments	295,000.00	-	-	-	295,000.00
Debt Service					
Cash	-	-	3,841,847.13	-	3,841,847.13
Investments	-	-	1,236,000.00	-	1,236,000.00
Capital Projects					
Cash	-	-	-	-	-
Total Assets:	\$ 14,132,427.74	\$ -	\$ 5,077,847.13	\$ 909,485.34	\$ 20,119,760.21
FUND BALANCES					
Restricted For					
Debt Service	-	-	5,077,847.13	-	5,077,847.13
Committed for					
Stabilization Reserve	-	-	-	-	-
Assigned to:					
Student Scholarships	303,118.77	-	-	-	303,118.77
Capital Outlay	-	-	-	751,860.34	751,860.34
Capital Projects	-	-	-	157,625.00	157,625.00
Unassigned	13,829,308.97	-	-	-	13,829,308.97
Total Liabilities and Fund Balances:	\$ 14,132,427.74	\$ -	\$ 5,077,847.13	\$ 909,485.34	\$ 20,119,760.21

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

ST. CHARLES R-VI SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues Collected					
Local Sources	\$ 20,128,073.25	\$ 24,239,895.41	\$ 6,288,218.20	\$ 1,486,743.51	\$ 52,142,930.37
County Sources	646,801.17	115,543.22	129,799.03	37,520.63	929,664.05
State Sources	5,532,994.17	7,465,094.94	-	96,164.00	13,094,253.11
Federal Sources	2,757,057.39	1,514,931.59	-	97,529.63	4,369,518.61
TOTAL REVENUES	29,064,925.98	33,335,465.16	6,418,017.23	1,717,957.77	70,536,366.14
Expenditures Paid					
Current					
Regular Instruction	4,771,176.37	32,119,978.75	-	255,373.14	37,146,528.26
Attendance	64,960.74	-	-	-	64,960.74
Guidance	385,119.42	1,634,867.04	-	-	2,019,986.46
Health, Psych Speech & Audio	689,223.38	563,818.87	-	-	1,253,042.25
Improvement of Instruction	272,702.33	71,974.17	-	-	344,676.50
Professional Development	39,370.56	27,679.27	-	-	67,049.83
Media Services	174,390.04	590,245.46	-	-	764,635.50
Board of Education Services	316,293.81	-	-	-	316,293.81
Executive Administration	1,493,758.26	863,740.27	-	8,011.57	2,365,510.10
Building Level Administration	1,421,537.90	2,672,959.69	-	-	4,094,497.59
Business Central Services	-	-	-	-	-
Operation of Plant	5,658,633.93	-	-	1,015,668.84	6,674,302.77
Security Services	215,002.75	-	-	-	215,002.75
Pupil Transportation	3,276,075.13	162,281.18	-	39,329.33	3,477,685.64
Food Service	1,940,301.17	-	-	60,968.10	2,001,269.27
Central Office Support Services	1,585,100.48	139,476.52	-	625,002.84	2,349,579.84
Other Supporting Services	106,968.64	-	-	-	106,968.64
Adult Continuing Education	1,497,591.08	-	-	-	1,497,591.08
Community Services	283,564.08	234,105.40	-	-	517,669.48
Capital Outlay	-	-	-	26,342.25	26,342.25
Debt Service:					
Principal	-	-	12,903,303.55	100,000.00	13,003,303.55
Interest and Charges	756.67	2,080.83	3,312,514.74	58,125.00	3,373,477.24
Total Support Services	24,192,526.74	39,083,207.45	16,215,818.29	2,188,821.07	81,680,373.55
Excess (deficiency) of revenues over expenditures	4,872,399.24	(5,747,742.29)	(9,797,801.06)	(470,863.30)	(11,144,007.41)
Other Financing Sources (Uses):					
Transfers	(5,808,710.39)	5,747,742.29	-	60,968.10	-
Sale of Bonds	-	-	-	-	-
Net Insurance Recovery	4,513.74	-	-	-	4,513.74
Sale of School Buses	-	-	-	-	-
Sale of Other Property	258,460.36	-	-	35,765.84	294,226.20
Refunding Bonds	-	-	8,355,000.00	-	8,355,000.00
Tuition from other Districts	-	-	-	-	-
Area Voc Fees from Other LEAS	1,601,857.02	-	-	-	1,601,857.02
Contracted Educational Services	109,432.45	-	-	-	109,432.45
Trans from other LEAS Non-Handi	48,288.00	-	-	-	48,288.00
Trans from other LEAS for Handi	-	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-	-
Total Other Financing Sources (Uses)	(3,786,158.82)	5,747,742.29	8,355,000.00	96,733.94	10,413,317.41
NET CHANGE IN FUND BALANCES	1,086,240.42	-	(1,442,801.06)	(374,129.36)	(730,690.00)
Fund Balance July 1, 2011	13,046,187.32	-	6,520,648.19	1,283,614.70	20,850,450.21
Fund Balance June 30, 2012	<u>\$ 14,132,427.74</u>	<u>\$ -</u>	<u>\$ 5,077,847.13</u>	<u>\$ 909,485.34</u>	<u>\$ 20,119,760.21</u>

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

**ST. CHARLES R-VI SCHOOL DISTRICT
RECONCILIATION OF THE DISTRICT FUND BALANCE SHEET
WITH THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

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

Total Fund Balance - Governmental Funds	\$ 20,119,760.21
There are no items of reconciliation	<u>-</u>
Total Net Assets - Governmental Activities	<u><u>\$ 20,119,760.21</u></u>

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

ST. CHARLES R-VI SCHOOL DISTRICT
RECONCILIATION OF THE DISTRICT FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total net change in fund balances - governmental funds	\$ (730,690.00)
There are no items of reconciliation	<u>-</u>
Change in net assets of governmental activities	<u><u>\$ (730,690.00)</u></u>

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

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Charles R-VI School District (the "District") operates as a "six director" district (with seven members of the Board of Education) as described in RSMo Chapter 162.

The financial statements of St. Charles R-VI School District have been prepared on the prescribed basis of accounting that demonstrates compliance with the modified cash basis and budget laws of the State of Missouri, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Government Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Principles Used to Determine Scope of Entity

The District's reporting entity includes the District's governing board and all related organizations that exercise oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities that benefit the citizens of the District, including joint agreements that serve pupils from numerous districts, should be included within its financial reporting entity. The criterion includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matter), scope of public service, and special financing relationships.

Excluded from the reporting entity:

Public School Retirement System of Missouri, Public Education Employee Retirement System, and Missouri United School Insurance Council (MUSIC). The participating School District's governing bodies have appointed these potential component units jointly. These are independent units that select management staff, set user charges, establish budgets and control all aspects of its daily activity.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight that would result in the District being considered a component unit of the entity.

B. Basis of Presentation – Fund Accounting

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund balance, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the District on the modified cash basis of accounting.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Fund Accounting (concluded)

The School District Reports The Following Major Funds and Fund Types In This Report:

Governmental Funds:

General (incidental) Fund: Accounts for general activities of the District, including student activities, food service, and textbooks, which are not required to be accounted for in another fund.

Special Revenue (Teachers') Fund: Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State and local tax levy for the payment of teacher salaries and certain employee benefits.

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

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

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

Government-wide Financial Statements:

The Statement of Net Assets: Presents the financial condition of the government at year-end.

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

Fund Financial Statements: During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds, if applicable, are aggregated and presented in a single column.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The District's policy is to prepare its government-wide financial statements on the modified cash basis of accounting; consequently, revenues are recognized when received rather than when earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Accordingly the accompanying financial statements are not intended to present the financial position or results of operations in accordance with generally accepted accounting principles accepted in the United States of America.

D. Pooled Cash and Temporary 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 certificates of deposit and MOSIP investments, carried at cost, which approximates market. Interest income earned is allocated to contributing funds based on cash and temporary investment balances.

E. Property and Equipment

General fixed assets are recorded as expenditures in the General (Incidental) Fund and the Capital Projects (Building) Fund at the time the expenditures are paid. No depreciation is provided for property and equipment.

F. Compensated Absences

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Amounts that are unpaid and which are vested in the employee are payable upon termination.

G. Teacher's Salaries

The salary payment schedule of the District for the 2011-2012 school year requires the payment of salaries over a twelve-month period. Consequently, the July and August 2012 payroll checks are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

H. Net Assets

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

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Net Assets (Concluded)

- Nonspendable Fund Balance consists of funds that cannot be spent due to their form (e.g., inventories and prepaids) or funds that legally or contractually must be maintained intact. The District did not have any nonspendable resources as of June 30, 2012.
- Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District - held bonds and are restricted through debt covenants.
- Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision - making authority. Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.
- Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision - making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance. This classification includes the remaining positive fund balance of all governmental funds except for the General Fund.
- Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

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

As of June 30, 2012, fund balance components other than unassigned fund balances consist of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund	\$ -	\$ -	\$ -	\$ 303,118.77
Special Revenue				
(Teachers) Fund	-	-	-	-
Debt Service Fund	-	5,077,847.13	-	
Capital Projects				
Fund	-	-	-	909,485.34
Total	\$ -	\$ 5,077,847.13	\$ -	\$ 1,212,604.11

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

I. Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

J. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

K. Inventories

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

II. CASH AND INVESTMENTS

The District maintains a cash and temporary investment pool that is available for use by all funds except the Debt Service Fund (State law requires that all deposits of the Debt Service Funds be kept separate and apart from all other funds of the District). Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the combined statement of assets, liabilities and fund balances arising from cash transactions as "Cash and Cash Equivalents and Investments" under each fund's caption.

Deposits

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2012, the carrying amount of the District's pooled deposits and investments was \$20,119,760.21 and the bank balance was \$22,863,104.63. As of June 30, 2012, 100% of the District's investments were guaranteed by the U.S. Government through pledged securities and FDIC insurance.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

II. CASH AND INVESTMENTS (CONTINUED)

SUMMARY OF CARRYING VALUES

The carrying values of deposits and investments shown above are included in the financial statements at June 30, 2012, as follows:

Included in the following fund financial statement captions:

Balance Sheet – Government Funds

Unrestricted Deposits	\$ 14,738,794.31
Deposits Restricted for Debt	3,841,847.13
Investments Restricted for Debt	1,236,000.00
Deposits Restricted for Student Scholarships	8,118.77
Investments Restricted for Student Scholarships	295,000.00
Total	<u><u>\$ 20,119,760.21</u></u>

As of June 30, 2012, the District's investments were as follows:

BALANCE AT JUNE 30, 2012

<u>Fund</u>	<u>Type</u>	<u>Maturities</u>	<u>Cost</u>
Endowments	CD	7/06/2012	228,000.00
Endowments	CD	5/09/2013	67,000.00
Debt Service	CD	7/25/2012	249,000.00
Debt Service	CD	7/25/2012	249,000.00
Debt Service	CD	7/25/2012	249,000.00
Debt Service	CD	7/27/2012	180,000.00
Debt Service	CD	11/16/2012	245,000.00
Debt Service	MOHEFA	2/28/2024	64,000.00
Total Investments			<u><u>\$ 1,531,000.00</u></u>

Custodial Credit Risk – Deposits

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

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by the party who sold the security to the District or its agent but not in the government's name.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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

II. CASH AND INVESTMENTS (CONCLUDED)

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the District for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The District has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The District's deposits were not exposed to concentration of investment credit risk for the year end June 30, 2012.

III. TAXES

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

The District also receives sales tax collected by the State and remitted based on a prior year weighted average attendance. The assessed valuation of the tangible taxable property for the calendar years 2011 and 2010 for purposes of local taxation was:

	<u>2011</u>	<u>2010</u>
Assessed Valuation	\$ 902,475,591	\$ 938,892,233

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2011 and 2010 for purposes of local taxation was:

	<u>2011</u>		<u>2010</u>	
	Unadjusted	Adjusted	Unadjusted	Adjusted
General (Incidental)Fund	\$ 1.7175	\$ 1.7175	\$ 1.4057	\$ 1.4057
Special Revenue Fund	2.3644	2.3644	2.2605	2.2605
Debt Service Fund	.6100	.6100	0.7400	0.7400
Capital Project Fund	.1500	.1500	0.1500	0.1500
Total	<u>\$ 4.8419</u>	<u>\$ 4.8419</u>	<u>\$ 4.5562</u>	<u>\$ 4.5562</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2012, aggregated approximately 98.98 % of the current assessment computed on the basis of the levy as shown above.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

IV. CHANGES IN LONG-TERM DEBT

The 2003A Series bonds were issued to advance refund the callable maturities of the District's outstanding General Obligation Bonds Series 1996A, those bonds maturing in the years 2010-2014 inclusive in the aggregate principal amount of \$5,690,000. An Escrow Trust Agreement was entered into and funds were deposited with the Escrow agent to pay the interest on the Series 1996A Refunded Bonds as the same became due and payable prior to the redemption date of March 1, 2006 and to redeem and pay the Callable portion of the Series 1996A Refunded Bonds remaining outstanding on March 1, 2006 at the redemption price of \$5,690,000 plus accrued interest to the date of redemption. Since the investments and fixed earnings from the investments are sufficient to fully service the debt service on the called bonds they are considered to have been defeased until the debt is actually paid on March 1, 2006. On March 1, 2011 Series 2003A Bonds were refunded by the 2010 Refunding Bonds in the amount of \$2,905,000 on March 1, 2011. On that same date, the remaining principal in the amount of \$635,000 was paid by the District to retire the Series 2003A Bonds. Interest payments range from \$10,715.63 to \$54,192.50 were made for the year ended June 30, 2011 with an interest rate of 3.75%.

On March 23, 2004, the District issued series 2004 general obligation bonds for \$3,279,986.30. The bonds were issued in varying annual installments through 2013 with interest at 8.67%. These bonds were used for various updates and repairs throughout the District.

During the Fiscal year ending June 30, 2005, the District issued Series 2005 General Obligation Refunding Bonds in the amount of \$36,937,941.20. Bonds consist of Current Interest Bonds and Capital Appreciation Bonds. These bonds were issued in varying annual installments through 2018 with interest from 3.25% to 5.0%. The bonds were issued for the purpose of providing funds to advance refund the callable portion of the Series 2003B Bonds.

On April 24, 2007, the District issued \$5,595,000.00 refunding bonds. The bonds were issued in varying annual installments through 2013 with interest at 4.0%. The bonds were issued for the purpose of providing funds to advance refund the callable portion of the Series 1996 Bonds.

On December 7, 2010 the Series 2010 General Obligation Refunding Bonds in the amount of \$2,910,000 were issued by the District for the purpose of refunding the District's outstanding General Obligation Series 2003A Bond and to pay the cost of issuing future bonds. The Series 2010 Bond is due in varying annual principal installments beginning on March 1, 2012 and continuing through March 1, 2014 and ranging from \$350,000 to \$2,120,000 with variable interest rates from 2% to 3%.

On August 23, 2011, the Series 2011 General Obligation Refunding Bonds in the amount of \$8,355,000 were issued by the District for the purpose of refunding the District's outstanding General Obligation Series 2003B Bond and to pay the cost of issuing future bonds. The Series 2011 Bond is due in varying annual principal installments beginning on March 1, 2014 and continuing through March 1, 2017 and ranging from \$1,110,000 to \$4,685,000 and with variable interest rates from 2% to 4%.

The following is a summary of bond transactions for the year ended June 30, 2012:

Bonds Payable, July 1, 2011	\$36,985,386.85
Bonds Issued	8,355,000.00
Bonds Retired	<u>(12,903,303.55)</u>
Bonds Payable, June 30, 2012	<u>\$32,437,083.30</u>

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

IV. CHANGES IN LONG-TERM DEBT (CONTINUED)

General obligation bonds payable at June 30, 2012, are comprised of the following individual issues:

Original Issue Amount	Date Issued	Maturity Date	Rate of Interest	Bonds Outstanding
\$ 7,999,241.00	06/01/1996	03/01/2016	6.20%	\$ 2,467,412.15
52,100,000.00	04/15/2003	03/01/2017	3.0% - 5.25%	1,300,000.00
3,279,986.00	03/11/2004	03/01/2013	8.67%	74,924.80
36,937,941.00	06/21/2005	03/01/2018	3.5% - 10.0%	15,919,746.35
5,595,000.00	04/24/2007	03/01/2013	4.0%	1,760,000.00
2,910,000	12/07/2010	03/01/2014	2.0% - 3.0%	2,560,000.00
\$ 8,355,000	08/23/2010	03/01/2017	2.0% - 4.0%	8,355,000.00
				<u>\$ 32,437,083.30</u>

*Note: Refunded not included

The annual requirements to amortize all bonds outstanding as of June 30, 2012, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 5,699,671.15	\$ 1,567,103.85	\$ 7,266,775.00
2014	5,365,000.00	996,125.00	6,361,125.00
2015	4,272,127.85	3,550,722.15	7,822,850.00
2016	4,515,284.30	3,511,715.70	8,027,000.00
2017	7,245,000.00	582,400.00	7,827,400.00
2018	5,340,000.00	267,000.00	5,607,000.00
Totals	<u>\$ 32,437,083.30</u>	<u>\$ 10,475,066.70</u>	<u>\$ 42,912,150.00</u>

Prior and Current Year Refunding of Debt

In prior and current years, certain general obligation bonds were refunded by placing the remaining proceeds from the original issuance, along with a contribution from the District, in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust accounts and the refunded bonds, with a remaining outstanding balance of \$47,893.66 are not included within the financial statements.

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized General Obligation Bonds of a district to 15 % of the assessed valuation of a district (including state-assessed railroad and utilities). The District did not exceed the legal debt margin at June 30, 2012.

Leasehold Purchases

On June 1, 2009 Saint Charles School District entered into the 2009 B Build America Lease Purchase to upgrade the ball fields to synthetic turf. The amount borrowed was \$1,115,000.00 with a rate of interest from 5.5% to 6.5% and the leasehold improvement bonds mature on 3/1/2019.

On January 10, 2010 Saint Charles School District entered into a Lease Purchase with IKON to purchase copiers. The Lease Term is 60 months with payments for \$6,915.59 due monthly and a 7.07% interest rate with a \$1 purchase option at the end of the lease. At present time the district has no intention in exercising their \$1 purchase option.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

IV. CHANGES IN LONG-TERM DEBT (CONCLUDED)

The following is a summary of Leasehold Purchase transactions for the year ended June 30, 2012:

Leasehold Purchases Payable, July 1, 2011	\$ 1,197,014.76
Leasehold Purchases Issued	-
Leasehold Purchases Retired	166,593.08
Leasehold Purchases Payable, June 30, 2012	<u>\$ 1,030,421.68</u>

The annual requirements to amortize all Lease purchases outstanding as of June 30, 2012, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 176,456.79	\$ 64,155.29	\$ 240,612.08
2014	186,675.75	52,636.33	239,312.08
2015	162,289.14	40,845.99	203,135.13
2016	120,000.00	32,825.00	152,825.00
2017	120,000.00	25,025.00	145,025.00
2018-2022	265,000.00	26,000.00	291,000.00
Totals	<u>\$ 1,030,421.68</u>	<u>\$ 241,487.61</u>	<u>\$ 1,271,909.29</u>

Operating Leases

On March 10, 2011, St. Charles School District entered into a lease / purchase agreement with 501 Partnership to lease a building at 3061 Mercantile Drive, St. Charles, Missouri 63301. St. Charles School District is to pay \$6,500 on the first day of each month throughout the term of the lease (May 31, 2016). After the first term of the lease has expired, the renewal term rent will be increased each year on an annual basis on June 1 in the amount of the lesser or 3% or the then applicable Consumer Price Index. Outstanding rent as of June 30, 2012 is \$299,000.

On November 29, 2010, St. Charles School District entered into a lease agreement with Sovereign Leasing, LLC to lease 47 buses with an annual principal payment due in June 2012 in the amount of \$417,625. Outstanding lease payments are \$1,252,875 as of June 30, 2012.

On May 6, 2011 and August 24, 2011, St. Charles School District entered into a lease agreement with IKON to lease some copiers. The payments for the May lease are \$544.46 for 46 months and the lease payments for the August lease are \$158.79 for 42 months. Outstanding lease payments are \$23,592.92 as of June 30, 2012.

Tax Anticipation Notes

On December 19, 2011, St. Charles School District took out tax anticipation notes 2011A and 2011B for \$1,100,000 and \$400,000 respectively to cover operating expenses of the District. The interest rate on these TANS was .90% and they were paid in full on December 28, 2011. Interest paid on these notes amounted to \$337.50.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

V. RETIREMENT PLAN

The St. Charles R-VI School District contributes to The Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to full-time (and certain part-time) certified employees and death benefits to members and beneficiaries. Positions covered by The Public School Retirement System of Missouri are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010-.141 of Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to a seven member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102, or by calling 1-800-392-6848.

PSRS members are required to contribute 14.50% of their annual covered salary and the St. Charles R-VI School District is required to contribute a matching amount. The contribution requirements of members and the St. Charles R-VI School District are established and may be amended by the PSRS Board of Trustees. The School District's contributions to PSRS for the year ending June 30, 2012 were \$4,554,426.08 equal to the required contributions.

The St. Charles R-VI School District also contributes to The Public Education Employee Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the District who work 17 or more hours per week and who do not contribute to The Public School Retirement System of Missouri. Positions covered by the Public Education Employee Retirement System of Missouri are also covered by Social Security. Benefit provisions are set forth in Chapter 169.600-.715 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to the Board of Trustees of The Public School Retirement System of Missouri. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public Education Employee Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PEERS members are required to contribute 6.86% of their annual covered salary and the St. Charles R-VI School District is required to contribute a matching amount. The contribution requirements of members and the St. Charles R-VI School District are established and may be amended by the Board of Trustees. The School District's contributions to PEERS for the year ending June 30, 2012 were \$644,546.16, equal to the required contributions.

VI. EARLY RETIREMENT ALTERNATIVE

Prior to the 2005-06 fiscal school year, all qualified certified and support staff members could have chosen an early retirement alternative at the 25th year and would have received 50% of the last contracted amount. This option is no longer available.

For the year ended June 30, 2012, the District paid \$196,000.00 under the early retirement alternative plan. As of June 30, 2012, the District had no unpaid benefits payable.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

VII. PARTICIPATION IN A PUBLIC ENTITY RISK POOL

The District is a member of the Missouri School Insurance Council (MUSIC), a protected self-insurance program of approximately 400 Missouri Public School Districts. The District does not pay premiums to purchase insurance policies, but pays assessments to be a member of self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole.

VIII. CONTINGENCIES

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

The District is involved in a pending lawsuit at June 30, 2012. No provision has been made in the financial statements for any loss that might arise in the event of an unfavorable outcome of these matters. District management believes that such litigation and claims will ultimately be resolved without material financial liability, if any, to the District.

IX. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note V, the District allows employees who retire from the District to participate in the District's health and dental insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single-blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay as you go basis. A stand alone financial report is not available for the plan. During the year, 289 retirees participated in the District's insurance plans and paid premiums totaling \$1,126,796.88.

The District has 12 former employees that participated in Cobra as of June 30, 2012.

X. INTERFUND TRANSFERS

During 2012, transfers were made to the Capital Projects Fund and Special Revenue Fund from the general fund. The transfer to the Capital Projects Fund consists of \$60,968.10 for food service. The maximum allowable transfer is the greater of the prior year guaranteed tax base or 9% of the prior June 30 line one entitlement. A transfer of \$5,747,742.29 was made to the Special Revenue Fund in order to achieve a zero balance in the account.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

X. INTERFUND TRANSFERS (CONCLUDED)

The following is a summary of interfund transfers for the year ended June 30, 2012.

Transfers From	Transfers To		Total
	Special Revenue (Teacher's) Fund	Capital Projects Fund	
General (Incidental) Fund	\$ 5,747,742.29	\$ 60,968.10	\$ 5,808,710.39
	<u>\$ 5,747,742.29</u>	<u>\$ 60,968.10</u>	<u>\$ 5,808,710.39</u>

XI. SUBSEQUENT EVENTS

There is nothing to report for subsequent events as of and for the year ended June 30, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

ST. CHARLES R-VI SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NON-GAAP BUDGET AND ACTUAL
GENERAL FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Modified Cash Basis	Final
	Original	Final	Actual	to Actual
Revenues Collected				
Local Sources	\$ 19,328,338.00	\$ 20,600,770.00	\$ 20,128,073.25	\$ (472,696.75)
County Sources	259,510.00	259,510.00	646,801.17	387,291.17
State Sources	4,934,435.00	5,499,487.00	5,532,994.17	33,507.17
Federal Sources	2,330,705.00	2,694,925.00	2,757,057.39	62,132.39
TOTAL REVENUES	26,852,988.00	29,054,692.00	29,064,925.98	10,233.98
Expenditures Paid				
Current				
Instruction	5,005,727.00	5,263,949.00	4,771,176.37	(492,772.63)
Attendance	63,883.00	64,900.00	64,960.74	60.74
Guidance	406,571.00	396,048.00	385,119.42	(10,928.58)
Health, Psych Speech & Audio	706,798.00	706,730.00	689,223.38	(17,506.62)
Improvement of Instruction	276,080.00	311,079.00	272,702.33	(38,376.67)
Professional Development	30,996.00	42,487.00	39,370.56	(3,116.44)
Media Services	184,042.00	180,331.00	174,390.04	(5,940.96)
Board of Education Services	427,166.00	339,399.00	316,293.81	(23,105.19)
Executive Administration	1,851,114.00	1,544,524.00	1,493,758.26	(50,765.74)
Building Level Administration	1,421,476.00	1,446,687.00	1,421,537.90	(25,149.10)
Business Central Services	-	-	-	-
Operation of Plant	6,055,303.00	5,952,771.00	5,658,633.93	(294,137.07)
Security Services	-	-	215,002.75	215,002.75
Pupil Transportation	2,785,244.00	3,206,564.00	3,276,075.13	69,511.13
Food Service	2,092,370.00	2,092,370.00	1,940,301.17	(152,068.83)
Central Office Support Services	1,896,043.00	1,897,144.00	1,585,100.48	(312,043.52)
Other Supporting Services	-	-	106,968.64	106,968.64
Adult Continuing Education	1,164,986.00	1,420,263.00	1,497,591.08	77,328.08
Community Services	272,805.00	331,724.00	283,564.08	(48,159.92)
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Charges	-	757.00	756.67	(0.33)
Total Expenditures	24,640,604.00	25,197,727.00	24,192,526.74	(1,005,200.26)
Revenues Collected Over (Under)				
Expenditures Paid	2,212,384.00	3,856,965.00	4,872,399.24	1,015,434.24
Other Financing Sources (Uses):				
Transfers	(4,934,764.00)	(5,845,936.00)	(5,808,710.39)	37,225.61
Sale of Bonds	-	-	-	-
Net Insurance Recovery	4,540.00	4,540.00	4,513.74	(26.26)
Sale of School Buses	-	-	-	-
Sale of Other Property	224,930.00	258,461.00	258,460.36	(0.64)
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	1,525,605.00	1,525,605.00	1,601,857.02	76,252.02
Contracted Educational Services	75,000.00	106,000.00	109,432.45	3,432.45
Trans from other LEAS Non-Handi	24,000.00	24,000.00	48,288.00	24,288.00
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	(3,080,689.00)	(3,927,330.00)	(3,786,158.82)	141,171.18
NET CHANGE IN FUND BALANCES	(868,305.00)	(70,365.00)	1,086,240.42	1,156,605.42
Fund Balance July 1, 2011	13,046,187.32	13,046,187.32	13,046,187.32	-
Fund Balance June 30, 2012	\$ 12,177,882.32	\$ 12,975,822.32	\$ 14,132,427.74	\$ 1,156,605.42

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

ST. CHARLES R-VI SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NON-GAAP BUDGET BASIS AND ACTUAL SPECIAL REVENUE FUND- MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Modified Cash Basis	Final
	Original	Final	Actual	to Actual
Revenues Collected				
Local Sources	\$ 25,510,660.00	\$ 24,152,600.00	\$ 24,239,895.41	\$ 87,295.41
County Sources	520,703.00	615,703.00	115,543.22	(500,159.78)
State Sources	7,508,680.00	7,228,279.00	7,465,094.94	236,815.94
Federal Sources	1,767,821.00	1,905,544.00	1,514,931.59	(390,612.41)
TOTAL REVENUES	35,307,864.00	33,902,126.00	33,335,465.16	(566,660.84)
Expenditures Paid				
Current				
Instruction	32,859,596.00	32,536,450.00	32,119,978.75	(416,471.25)
Attendance	98,931.00	-	-	-
Guidance	2,086,924.00	1,672,409.00	1,634,867.04	(37,541.96)
Health, Psych Speech & Audio	126,110.00	566,655.00	563,818.87	(2,836.13)
Improvement of Instruction	65,952.00	92,181.00	71,974.17	(20,206.83)
Professional Development	37,041.00	27,694.00	27,679.27	(14.73)
Media Services	588,813.00	593,996.00	590,245.46	(3,750.54)
Board of Education Services	-	-	-	-
Executive Administration	1,357,636.00	985,126.00	863,740.27	(121,385.73)
Building Level Administration	2,730,512.00	2,678,349.00	2,672,959.69	(5,389.31)
Business Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Security Services	-	-	-	-
Pupil Transportation	4,173.00	176,694.00	162,281.18	(14,412.82)
Food Service	-	-	-	-
Central Office Support Services	141,849.00	140,246.00	139,476.52	(769.48)
Other Supporting Services	-	-	-	-
Adult Continuing Education	-	-	-	-
Community Services	145,091.00	276,180.00	234,105.40	(42,074.60)
Capital Outlay	-	-	-	-
Debt Service:	-	-	-	-
Principal	-	-	-	-
Interest and Charges	-	2,082.00	2,080.83	(1.17)
Total Support Services	40,242,628.00	39,748,062.00	39,083,207.45	(664,854.55)
Revenues Collected Over (Under)				
Expenditures Paid	(4,934,764.00)	(5,845,936.00)	(5,747,742.29)	98,193.71
Other Financing Sources (Uses):				
Transfers	4,934,764.00	5,845,936.00	5,747,742.29	(98,193.71)
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	4,934,764.00	5,845,936.00	5,747,742.29	(98,193.71)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -	\$ -
Fund Balance July 1, 2011	\$ -	\$ -	\$ -	\$ -
Fund Balance June 30, 2012	\$ -	\$ -	\$ -	\$ -

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

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2012

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 of the political subdivision.
- 2) Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- 4) On June 9, 2012, the budget was legally enacted by 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.
- 6) Budgets for District funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid. The actual results of operation are presented in the combined statement of revenues collected, expenditures paid, and changes in fund balances – budget and actual in accordance with the budget basis to provide a meaningful comparison of actual results with the budget.

ST. CHARLES R-VI SCHOOL DISTRICT
OTHER POST EMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2012

POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note V, the District allows employees who retire from the District to participate in the District's health and dental insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay as you go basis. A stand alone financial report is not available for the plan. During the year, 289 retirees participated in the District's insurance plans and paid premiums totaling \$1,126,796.88.

The District has 12 former employees that participated in Cobra as of June 30, 2012.

SUPPLEMENTARY INFORMATION

ST. CHARLES R-VI SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NON-GAAP BUDGET BASIS AND ACTUAL - DEBT SERVICE FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Modified Cash Basis	Final
	Original	Final	Actual	to Actual
Revenues Collected				
Local Sources	\$ 5,918,813.00	\$ 6,302,903.00	\$ 6,288,218.20	\$ (14,684.80)
County Sources	103,080.00	103,080.00	129,799.03	26,719.03
State Sources	-	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUES	6,021,893.00	6,405,983.00	6,418,017.23	12,034.23
Expenditures Paid				
Current				
Instruction	-	-	-	-
Attendance	-	-	-	-
Guidance	-	-	-	-
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	-	-	-	-
Professional Development	-	-	-	-
Media Services	-	-	-	-
Board of Education Services	-	-	-	-
Executive Administration	-	-	-	-
Building Level Administration	-	-	-	-
Business Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Security Services	-	-	-	-
Pupil Transportation	-	-	-	-
Food Service	-	-	-	-
Central Office Support Services	-	-	-	-
Other Supporting Services	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	4,333,304.00	13,401,345.00	12,903,303.55	(498,041.45)
Interest and Charges	2,746,702.00	2,817,039.00	3,312,514.74	495,475.74
Total Expenditures	7,080,006.00	16,218,384.00	16,215,818.29	(2,565.71)
Revenues Collected Over (Under)				
Expenditures Paid	(1,058,113.00)	(9,812,401.00)	(9,797,801.06)	9,468.52
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	8,355,000.00	8,355,000.00	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing				
Sources (Uses)	-	8,355,000.00	8,355,000.00	-
NET CHANGE IN FUND BALANCES	(1,058,113.00)	(1,457,401.00)	(1,442,801.06)	14,599.94
Fund Balance July 1, 2011	6,520,648.19	6,520,648.19	6,520,648.19	-
Fund Balance June 30, 2012	\$ 5,462,535.19	\$ 5,063,247.19	\$ 5,077,847.13	\$ 14,599.94

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

ST. CHARLES R-VI SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NON-GAAP BUDGET BASIS AND ACTUAL - CAPITAL PROJECTS FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Modified Cash Basis	Final
	Original	Final	Actual	to Actual
Revenues Collected				
Local Sources	\$ 1,549,196.00	\$ 1,442,223.00	\$ 1,486,743.51	\$ 44,520.51
County Sources	25,348.00	25,348.00	37,520.63	12,172.63
State Sources	189,174.00	117,662.00	96,164.00	(21,498.00)
Federal Sources	-	2,170.00	97,529.63	95,359.63
TOTAL REVENUES	1,763,718.00	1,587,403.00	1,717,957.77	130,554.77
Expenditures Paid				
Current				
Instruction	496,018.00	473,530.00	255,373.14	(218,156.86)
Attendance	-	-	-	-
Guidance	-	-	-	-
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	-	-	-	-
Professional Development	-	-	-	-
Media Services	-	-	-	-
Board of Education Services	-	-	-	-
Executive Administration	24,692.00	8,572.00	8,011.57	(560.43)
Building Level Administration	-	-	-	-
Business Central Services	-	-	-	-
Operation of Plant	836,004.00	925,985.00	1,015,668.84	89,683.84
Security Services	-	-	-	-
Pupil Transportation	45,000.00	47,189.00	39,329.33	(7,859.67)
Food Service	-	-	60,968.10	60,968.10
Central Office Support Services	552,057.00	550,770.00	625,002.84	74,232.84
Other Supporting Services	-	-	-	-
Adult Continuing Education	-	-	-	-
Community Services	-	-	-	-
Facilities Acquisition	-	-	-	-
Capital Outlay	-	26,343.00	26,342.25	(0.75)
Debt Service:		-		-
Principal	100,000.00	100,000.00	100,000.00	-
Interest and Charges	58,125.00	58,125.00	58,125.00	-
Total Support Services	2,111,896.00	2,190,514.00	2,188,821.07	(1,692.93)
Revenues Collected Over (Under)				
Expenditures Paid	(348,178.00)	(603,111.00)	(470,863.30)	128,861.84
Other Financing Sources (Uses):				
Transfers	-	-	60,968.10	60,968.10
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	50,070.00	38,365.00	35,765.84	(2,599.16)
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Total Other Financing				
Sources (Uses)	50,070.00	38,365.00	96,733.94	58,368.94
NET CHANGE IN FUND BALANCES	(298,108.00)	(564,746.00)	(374,129.36)	190,616.64
Fund Balance July 1, 2011	1,283,614.70	1,283,614.70	1,283,614.70	-
Fund Balance June 30, 2012	\$ 985,506.70	\$ 718,868.70	\$ 909,485.34	\$ 190,616.64

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

ST. CHARLES R-VI SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NON-GAAP BUDGET BASIS AND ACTUAL - ALL GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Modified Cash Basis	Final
	Original	Final	Actual	to Actual
Revenues Collected				
Local Sources	\$ 52,307,007.00	52,498,496.00	\$ 52,142,930.37	\$ (355,565.63)
County Sources	908,641.00	1,003,641.00	929,664.05	(73,976.95)
State Sources	12,632,289.00	12,845,428.00	13,094,253.11	248,825.11
Federal Sources	4,098,526.00	4,602,639.00	4,369,518.61	(233,120.39)
TOTAL REVENUES	69,946,463.00	70,950,204.00	70,536,366.14	(413,837.86)
Expenditures Paid				
Current				
Instruction	38,361,341.00	38,273,929.00	37,146,528.26	(1,127,400.74)
Attendance	162,814.00	64,900.00	64,960.74	60.74
Guidance	2,493,495.00	2,068,457.00	2,019,986.46	(48,470.54)
Health, Psych Speech & Audio	832,908.00	1,273,385.00	1,253,042.25	(20,342.75)
Improvement of Instruction	342,032.00	403,260.00	344,676.50	(58,583.50)
Professional Development	68,037.00	70,181.00	67,049.83	(3,131.17)
Media Services	772,855.00	774,327.00	764,635.50	(9,691.50)
Board of Education Services	427,166.00	339,399.00	316,293.81	(23,105.19)
Executive Administration	3,233,442.00	2,538,222.00	2,365,510.10	(172,711.90)
Building Level Administration	4,151,988.00	4,125,036.00	4,094,497.59	(30,538.41)
Business Central Services	-	-	-	-
Operation of Plant	6,891,307.00	6,878,756.00	6,674,302.77	(204,453.23)
Security Services	-	-	215,002.75	215,002.75
Pupil Transportation	2,834,417.00	3,430,447.00	3,477,685.64	47,238.64
Food Service	2,092,370.00	2,092,370.00	2,001,269.27	(91,100.73)
Central Office Support Services	2,589,949.00	2,588,160.00	2,349,579.84	(238,580.16)
Adult Continuing Education	1,164,986.00	1,420,263.00	1,497,591.08	77,328.08
Other Support Services	-	-	106,968.64	106,968.64
Community Services	417,896.00	607,904.00	517,669.48	(90,234.52)
Facilities Acquisition	-	-	-	-
Capital Outlay	-	26,343.00	26,342.25	(0.75)
Debt Service:				
Principal	4,433,304.00	13,501,345.00	13,003,303.55	(498,041.45)
Interest and Charges	2,804,827.00	2,878,003.00	3,373,477.24	495,474.24
Total Expenditures	74,075,134.00	83,354,687.00	81,680,373.55	(1,674,313.45)
Revenues Collected Over (Under)				
Expenditures Paid	(4,128,671.00)	(12,404,483.00)	(11,144,007.41)	(2,088,151.31)
Other Financing Sources (Uses):				
Transfers	-	-	0.00	0.00
Sale of Bonds	-	-	-	-
Net Insurance Recovery	4,540.00	4,540.00	4,513.74	26.26
Sale of School Buses	-	-	-	-
Sale of Other Property	275,000.00	296,826.00	294,226.20	2,599.80
Refunding Bonds	-	8,355,000.00	8,355,000.00	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	1,525,605.00	1,525,605.00	1,601,857.02	(76,252.02)
Contracted Educational Services	75,000.00	106,000.00	109,432.45	(3,432.45)
Trans from other LEAS Non-Handi	24,000.00	24,000.00	48,288.00	(24,288.00)
Total Other Financing Sources (Uses)	1,904,145.00	10,311,971.00	10,413,317.41	(101,346.41)
NET CHANGE IN FUND BALANCES	(2,224,526.00)	(2,092,512.00)	(730,690.00)	1,361,822.00
Fund Balance July 1, 2011	20,850,450.21	20,850,450.21	20,850,450.21	-
Fund Balance June 30, 2012	\$ 18,625,924.21	\$ 18,757,938.21	\$ 20,119,760.21	\$ 1,361,822.00

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

STATE COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH CERTAIN LAWS AND
REGULATIONS SPECIFIED BY MISSOURI STATUTE**

To the Members of the
Board of Education
St. Charles R-VI School District

We have audited the basic financial statements of the St. Charles R-VI School District (the "District") as of and for the year ended June 30, 2012, and have issued our report thereon dated August 31, 2012.

As required by the Revised Statutes of the State of Missouri, we have performed auditing procedures to test compliance with the budgetary statute (Chapter 67 RSMo) and Section 165.121.3(7) RSMo with respect to the methods of maintaining pupil attendance and pupil transportation records for the year ended June 30, 2012. The management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the District's budgetary and disbursements procedures were in compliance, in all material respects, with the budgetary statute (Chapter 67 RSMo) for the year ended June 30, 2012. It is further our opinion that the pupil attendance and pupil transportation records are so maintained as to accurately disclose, in all material respects, the average daily attendance; resident membership on the last Wednesday of September; average number of students transported on a regular basis; and mileage and allowable cost for pupil transportation in compliance with state law and administrative rules for the year ended June 30, 2012.

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

Daniel Jones & Associates

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

August 31, 2012

ST. CHARLES R-VI SCHOOL DISTRICT
DISTRICT COUNTY NUMBER 092-090
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2012

I. CALENDAR

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

	Hours
Kindergarten – Full day	1,111.00
Grades 1-4	1,111.00
Grades 5-6	1,111.00
Grades 7-12	1,111.00

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

	Days
Kindergarten – 4	176
5-6	176
7-12	176

II. AVERAGE DAILY ATTENDANCE (ADA)

Regular Term	Full-time / Part Time	Remedial	Total
Grades K-4	1,838.4769	-	1,838.4769
Grades 5-6	715.4180	-	715.4180
Grades 7-8	701.2765	-	701.2765
Grades 9-12	1,394.4724	-	1,394.4724
Subtotal Regular Term	4,649.6438	-	4,649.6438

SUMMER SCHOOL SUBTOTAL

1.2001

The applicable summer school for this fiscal year was held in calendar year 2011.

TOTAL REGULAR TERM PLUS SUMMER SCHOOL ADA

4,650.8439

III. SEPTEMBER MEMBERSHIP

September Membership FTE Count

5,003.92

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

Free	1,852.65
Reduced	263.00
Total	2,115.65

ST. CHARLES R-VI SCHOOL DISTRICT
DISTRICT COUNTY NUMBER 092-090
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2012

V. FINANCE

- | | | |
|----|--|-----------|
| A. | As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of | \$ 25,000 |
| B. | The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo | TRUE |
| C. | The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo | TRUE |
| D. | Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records | TRUE |
| E. | If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken | TRUE |
| F. | The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo | TRUE |

VI. TRANSPORTATION (SECTION 163.161, RSMO)

- | | | |
|----|--|----------|
| A. | The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid | TRUE |
| 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 | TRUE |
| C. | Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was: | |
| | • Eligible ADT | 2,411.50 |
| | • Ineligible ADT | 0.00 |
| 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 | TRUE |

ST. CHARLES R-VI SCHOOL DISTRICT
DISTRICT COUNTY NUMBER 092-090
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2012

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

E.	Actual odometer records show the total District-operated <u>and</u> contracted mileage for the year was:.....	<u>429,467.00</u>
	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route <u>and</u> disapproved miles (combined) was:	
	• Eligible Miles.....	<u>347,767.00</u>
	• Ineligible Miles (Non-Route/Disapproved).....	<u>81,700.00</u>
F.	Number of days the District operated the school transportation system during the regular school year:.....	<u>176</u>

ST. CHARLES R-VI SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2012

I. Chapter 67 RSMO (Budget Statute)

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

FEDERAL COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

**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**

To the Members of
The Board of Education
St. Charles R-VI School District

We have audited the governmental activities and each major fund of St. Charles R-VI School District, as of and for the year ended June 30, 2012, and have issued our report thereon dated August 31, 2012, which was modified because the District prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated August 31, 2012.

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

Daniel Jones & Associates

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

August 31, 2012



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

To the Members of
The Board of Education
St. Charles R-VI School District

Compliance

We have audited St. Charles R-VI School District's (the "District") 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 the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

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

Daniel Jones & Associates

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

August 31, 2012

ST. CHARLES R-VI SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

Cash Federal Expenditures

Federal Grantor Pass-through Grantor Program Title	Programs CFDA Number	Pass Through Identification Number	Expenditures
U.S. Department of Education Passed-through Missouri Department of Elementary and Secondary Education Voc Education Act	84.048A	092-090	336,441.82
Special Education Cluster:			
Individuals With Disabilities IDEA	84.027A.	092-090	1,299,359.59
Early Child / Sec Ed	84.173A	092-090	200,722.43
High Need Fund	84.027A.	092-090	8,024.02
Total Special Education Cluster			1,508,106.04
 Title I	 84.010A	 092-090	 975,881.00
Stabilization Cluster:			
ARRA - Basic Formula	84.394	092-090	194,908.00
ARRA - Basic Formula	84.397	092-090	10,823.00
Total Stabilization Cluster			205,731.00
 Federal Education Jobs Fund - ARRA	 84.410A	 092-090	 8,159.00
Title I, Part C	84.011A	092-090	4,657.00
Title I, Part D, LEA	84.013	092-090	46,964.00
Title II, A	84.367A	092-090	239,246.00
Title III, English Language Learners	84.365A	092-090	61,824.00
Assistive Technology Reimbursement	84.224	092-090	3,468.00
MIM - Missouri Integrated Model Grant	84.323A	092-090	21,826.03
Total U.S. Department of Education			3,412,303.89
U.S. Department of Health and Human Services Passed-through Missouri Department of Elementary and Secondary Education Child Care Grant	93.575	092-090	49,849.00
Total U.S. Department of Health and Human Services			49,849.00
U.S. Department of Labor Passed-through Missouri Department of Elementary and Secondary Education WIA Cluster:			
WIA	17.255	32-0614-2-01	1,113.00
Total U.S. Department of Labor			1,113.00
U.S. Department of Agriculture Passed-through Missouri Department of Elementary and Secondary Education National School Breakfast Program	10.553	092-090	254,928.59
National School Lunch Program - Commodities	10.555	092-090	815,933.59
National School Lunch Program	10.555	092-090	136,363.74
Total U.S. Department of Agriculture			1,207,225.92
Total Federal Expenditures			<u>\$ 4,670,491.81</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of St. Charles R-VI School District and is presented on the basis of cash receipts and disbursements: which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-profit organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The Schedule includes all federal awards administered by St. Charles R-VI School District.

NOTE 2 - BASIS OF PRESENTATION

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

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

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

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

NOTE 3 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note I to the District's accompanying financial statements.

NOTE 4 - RELATIONSHIP TO ACCOMPANYING FINANCIAL STATEMENTS

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

<u>Federal Sources</u>	
General Fund	\$2,757,057.39
Capital Projects Fund	97,529.63
Special Revenue Fund	1,514,931.59
Total	<u>\$4,369,518.61</u>

NOTE 5 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with the Modified Cash Basis of Accounting.

NOTE 6 –MATCHING REVENUES

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

NOTE 7 – NON-CASH PROGRAMS

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

NOTE 8 – SUBRECIPIENTS

The School District provided no federal awards to subrecipients during the year ended June 30, 2012.

ST. CHARLES R-VI SCHOOL DISTRICT
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: unqualified
2. Internal control over financial reporting:
 - a. Any Material Weakness(es) identified? ☐ Yes ☒ No
 - b. Any Significant Deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported
3. Any noncompliance material to financial statements noted? ☐ Yes ☒ No

B. Federal Awards

1. Internal control over major programs:
 - a. Any Material Weakness(es) identified? ☐ Yes ☒ No
 - b. Any Significant Deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported
2. Type of auditor's report issued on compliance for major programs: unqualified
3. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? ☐ Yes ☒ No
4. Identification of major programs:

CFDA Number(s):	Name of Federal Program or Cluster:
84.394	ARRA - Basic Formula
84.397	ARRA - Basic Formula
84.048A	Carl Perkins Grant
10.555	School Lunch Program
10.553	School Breakfast Program
5. Dollar threshold used to distinguish between type A and type B programs: \$ 300,000
6. Auditee qualified as low-risk auditee? ☒ Yes ☐ No

ST. CHARLES R-VI SCHOOL DISTRICT
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2012

Section II – FINDINGS – FINANCIAL STATEMENTS AUDIT

There were no financial statement findings for year ended June 30, 2012.

**Section III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD
PROGRAMS AUDIT**

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended June 30, 2012.

ST. CHARLES R-VI SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

Finding: 2011-01

Criteria: All cash and investments held by financial institutions must be secured through the Federal Deposit Insurance Corporation (FDIC) or securities pledged by the financial statements institution.

Status: It appears management has implemented safeguards to ensure that all cash and investments are secured.

PRIOR YEAR FINDINGS – FEDERAL AWARDS

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended June 30, 2011.