

**MEHLVILLE R-IX SCHOOL DISTRICT**  
**ST. LOUIS COUNTY, MISSOURI**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

# MEHLVILLE R-IX SCHOOL DISTRICT

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## **FINANCIAL SECTION**



# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education  
Mehlville R-IX School District

### **Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the blended component unit, each major fund and the remaining fund information of Mehlville R-IX School District ("District"), Missouri, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

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

### ***Basis of Accounting***

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

### ***Other Matters***

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

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

The Budgetary Comparison Schedules presented on pages 49 through 53 and the Schedule of Expenditures of Federal Awards presented on page 67 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management's Discussion and Analysis on pages 3 through 12 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

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

***Daniel Jones & Associates***

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

November 4, 2015

MEHLVILLE R-IX SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

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The discussion and analysis of Mehlville School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2015, and provides a comparison to the previous fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at Mehlville School District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the Mehlville School District's financial performance.

**Using this Other Comprehensive Basis of Accounting Report (OCBOA)**

This annual report consists of a series of financial statements and notes to those statements. The Statement of Net Position and the Statement of Activities on pages 13 and 14 provide information about the activities of the Mehlville School District as a whole and present a longer-term view of the School District's finances. Mehlville School District also prepares fund financial statements which start on page 15. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

The view of the School District as a whole looks at all financial transactions and asks the question, "Is the School District's financial position as a whole, better or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities on pages 13 and 14 answer this question. These statements include all significant assets and liabilities using the cash basis of accounting, which is an Other Comprehensive Basis of Accounting than Generally Accepted Accounting Principles. Like most school districts in the State of Missouri, the District's policy is to prepare its financial statements on the 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.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader whether, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current property tax laws in Missouri, required educational programs, student enrollment and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports on Governmental Activities. Governmental Activities are the School District's programs and services including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

MEHLVILLE R-IX SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
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## Reporting the School District's Most Significant Funds

### Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds and begin on page 15. The School District uses several funds to account for a multitude of financial transactions. However, the fund financial statements focus on the aggregate of the School District's four significant funds.

**Governmental Funds** - The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and presents the year-end balances available for spending in future periods. These statements include all significant assets and liabilities using the modified cash basis of accounting, which is an Other Comprehensive Basis of Accounting than Generally Accepted Accounting Principles. Like most school districts in the State of Missouri, the District's policy is to prepare its 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. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for the fiscal year ended June 30, 2015, and for comparison the net position of the fiscal year ended June 30, 2014:

Table 1  
Net Position

|                                    | 2014-15<br>Governmental<br>Activities | 2013-14<br>Governmental<br>Activities |
|------------------------------------|---------------------------------------|---------------------------------------|
| <b>Assets</b>                      |                                       |                                       |
| Cash and Cash Equivalents          | \$ 31,900,747                         | \$ 32,988,508                         |
| Investments                        | 1,062,370                             | 1,553,867                             |
| Escrow Deposits for Debt Service   | 300,955                               | 293,495                               |
| Escrow Deposits for Component Unit | 10,251,792                            | 484,059                               |
| Total Assets                       | <u>\$ 43,515,864</u>                  | <u>\$ 35,319,929</u>                  |



MEHLVILLE R-IX SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**Net Position**

Restricted for:

|                    |                      |                      |
|--------------------|----------------------|----------------------|
| Debt Service Fund  | \$ 575,003           | \$ 615,509           |
| Capital Projects   | 7,151,093            | 7,745,709            |
| Future Claims      | 3,832,902            | 2,869,754            |
| Component Unit     | 10,251,792           | 484,059              |
| Unrestricted       | 21,705,074           | 23,604,898           |
| Total Net Position | <u>\$ 43,515,864</u> | <u>\$ 35,319,929</u> |

The School District's total net position at June 30, 2015, was \$43.5M which represents cash and investments. Total net position increased from the prior year by \$8.2M. The overall increase was primarily a result of increased balances in the Component Unit Fund due to timing differences of refinancing a 2005 Series Certificate of Participation whereby \$9.8M was received from the lender in June 2015 but the offsetting certificate payoff will not occur until September 2015. Future claims increased \$900K due to increasing insurance fund reserves.

Unrestricted net assets, (the part of net assets that can be used to finance day-to-day activities without constraints), were \$21.7M and decreased \$1.9M from the prior year due to operating deficits.

Capital Projects assets, which pay for items such as building renovations, lease payments, equipment and vehicles, had a balance of \$7.2M and decreased \$600K from prior year. FY2016 debt payments will be \$9.6M compared to \$9.2M paid in 2015.

Table 2 shows the changes in net position for the fiscal year.

Table 2  
Changes in Net Position- District Activities

|  | 2014-15<br>Governmental<br>Activities | 2013-14<br>Governmental<br>Activities |
|--|---------------------------------------|---------------------------------------|
| <b>Revenues</b>                          |                                       |                                       |
| Operating Grants and Contributions:      |                                       |                                       |
| Instruction & Instructional Improvement  | \$ 15,238,198                         | \$ 14,965,546                         |
| Transportation                           | 972,774                               | 823,200                               |
| Food Service                             | 1,567,202                             | 1,655,166                             |
| Charges for Services:                    |                                       |                                       |
| Instruction                              | 3,854,877                             | 4,419,398                             |
| Food Service                             | 2,025,651                             | 2,031,511                             |
| Student Transportation                   | 1,160,971                             | 1,080,747                             |
| Student Activities                       | 2,022,760                             | 2,244,210                             |
| Other                                    | 560,967                               | 606,250                               |
| General Revenues:                        |                                       |                                       |
| Taxes Levied for General Purposes        | 21,234,185                            | 20,094,687                            |
| Taxes Levied for Special Fund            | 42,543,401                            | 42,957,806                            |
| Taxes Levied for Debt Service Fund       | 533,094                               | 518,963                               |
| Taxes Levied for Capital Project Fund    | 7,831,308                             | 7,870,094                             |
| Federal, State and County – Unrestricted | 5,447,977                             | 5,587,477                             |

MEHLVILLE R-IX SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
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|                                 |                     |                       |
|---------------------------------|---------------------|-----------------------|
| Investment Income               | 35,128              | 39,585                |
| Net Proceeds from COP Issues    | 9,821,948           | 5,471                 |
| Other                           | 608,245             | 587,219               |
| <b>Total Revenues</b>           | <b>115,458,686</b>  | <b>105,487,330</b>    |
| <b>Expenses</b>                 |                     |                       |
| Instruction                     | 58,574,152          | 57,135,664            |
| Support Services                |                     |                       |
| Attendance                      | 62,099              | 76,219                |
| Guidance                        | 2,811,260           | 2,786,805             |
| Health, Psych, Speech, Audio    | 1,131,536           | 1,042,623             |
| Improvement of Instruction      | 2,111,364           | 1,963,186             |
| Professional Development        | 126,132             | 105,521               |
| Media Services                  | 1,694,134           | 1,639,591             |
| Board of Education Services     | 737,834             | 717,910               |
| Executive Administration        | 367,543             | 428,486               |
| Building Level Administration   | 5,662,950           | 5,415,176             |
| Business, Fiscal, Internal Svc. | 4,011,129           | 3,991,718             |
| Operation of Plant              | 9,841,185           | 9,490,772             |
| Security Services               | 550,794             | 603,590               |
| Pupil Transportation            | 5,136,042           | 4,660,721             |
| Food Service                    | 3,643,339           | 3,583,560             |
| Community Services              | 773,015             | 819,162               |
| Facilities Acq & Construction   | 771,150             | 3,611,623             |
| Principal                       | 7,265,946           | 6,424,759             |
| Interest & Fiscal Charges       | 1,991,146           | 2,750,456             |
| <b>TOTAL EXPENSES</b>           | <b>107,262,750</b>  | <b>107,247,542</b>    |
| <b>Increase in Net Position</b> | <b>\$ 8,195,936</b> | <b>\$ (1,760,212)</b> |

### Governmental Activities

Revenues for the School District's governmental activities for FY15 were \$115.5M compared to \$105.5M in FY14. This increase of \$10.0M is explained below.

Operating grants and contributions comprise revenue received from the governments of the State of Missouri and the United States specifically identified for individual programs such as Basic Formula funding, Early Childhood Special Education, and Title I, II, and III programs. Operating Grants and Contributions revenue increased slightly by \$300K from the prior year.

Charges for services represents revenue received for tuition (Voluntary Inter-district Choice Corporation, or VICC transfer students, Riverview Garden unaccredited student transfers, and SCOPE students - South County Opportunity for the Purpose of Education), homeless student transportation required by the McKinney-Vento Act, student fees for school meals, community education program fees and student activity fundraisers. Charges for services decreased \$750K primarily due to \$350K less Riverview student fees, and \$300K less VICC revenue.

MEHLVILLE R-IX SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Taxes collected for the four major funds increased \$700K in aggregate from the prior year, primarily due to a \$670K increase in Prop C sales tax. Mehlville School District is reliant on St. Louis County for collection of property taxes and M&M Surtaxes, and on the State of Missouri for collection of Prop C Sales Tax.

Unrestricted revenue is the revenue received from the governments of St. Louis County, the State of Missouri and the United States not specifically identified for individual programs. These funds decreased by almost \$140K primarily due to less state Classroom Trust revenue.

Investment Income in FY 15 continues to decline from prior years due to historically low interest rates. The District currently receives .04% on excess cash due to restrictions on the type of investments allowed.

Revenue by category and by year was received as follows: 15% in 2015 and 16% in 2014 from Operating Grants and Contributions, 8% in 2015 and 10% in 2014 for Charges for Services, 63% in 2015 and 68% in 2014 from Taxes Levied, 5% for both years from Federal, State and County Unrestricted, and 9% in 2015 and 1% in 2014 for other sources. The percentages above reflect that revenue received by category continues to be relatively consistent on a year to year basis. The one exception is other revenue which includes \$9.8M received for refinancing the 2005 Series Certificate of Participation.

Expenses for the School District's governmental activities for FY15 were \$107.3M compared to \$107.2M for FY14. The net increase was \$15K or virtually break-even. Further information is given below.

Salary and benefit costs increased \$2.2M, representing a 2.1% salary increase and 5.1% increase in benefits. Operating supplies and services expense increased about \$400K, or 2.6%. Capital expense was about \$2.1M this year, up \$500K from prior year. Key projects included fire alarm updates, district-wide asphalt/concrete maintenance, and bus purchases. The self-insurance fund is part of the governmental unit reporting, and it resulted in increased claim expenses of \$600K compared to prior year.

Principal and Interest & Other Charges vary from year-to-year based upon the amount of debt scheduled for repayment. While District debt service expense is the same as prior year, the Public Facility Authority was down about \$2.6M, thus the overall variance to the governmental unit decreased \$2.6M.

Expenses by program as defined by Missouri Department of Elementary and Secondary Education and by year were as follows: Instruction comprised 53% in 2015 and 51% in 2014, Support Services comprised 38% in 2015 and 37% in 2014, Facilities Acquisition and Construction comprised 1% in 2015 and 3% in 2014, and Principal, Interest and Other Fees amounted to 8% in 2015 and 9% in 2014.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these services. Table 3 shows the total cost of services and the net cost of services for FY15 and for comparison FY14. That is, it identifies the cost of these services supported by tax revenue and other revenues.

MEHLVILLE R-IX SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Table 3  
Governmental Activities

| Functions/Programs         | 2014-15                |                      | 2013-14                |                      |
|----------------------------|------------------------|----------------------|------------------------|----------------------|
|                            | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Instruction                | \$ 58,574,152          | \$ 37,857,612        | \$ 57,135,664          | \$ 35,840,976        |
| Support Services           |                        |                      |                        |                      |
| Attendance                 | 62,099                 | 62,099               | 76,219                 | 76,219               |
| Guidance                   | 2,811,260              | 2,811,260            | 2,786,805              | 2,786,805            |
| Hlth, Psych, Spch, Audio   | 1,131,536              | 1,131,536            | 1,042,623              | 1,042,623            |
| Improvement of Instruction | 2,111,364              | 1,712,067            | 1,963,186              | 1,628,720            |
| Professional Development   | 126,132                | 126,132              | 105,521                | 105,521              |
| Media Services             | 1,694,134              | 1,694,134            | 1,639,591              | 1,639,591            |
| Board of Education Svc.    | 737,834                | 737,834              | 717,910                | 717,910              |
| Executive Administration   | 367,543                | 367,543              | 428,486                | 428,486              |
| Building Level Admin       | 5,662,950              | 5,662,950            | 5,415,176              | 5,415,176            |
| Bus, Fiscal, Internal Svc. | 4,011,129              | 4,011,129            | 3,991,718              | 3,991,718            |
| Operation of Plant         | 9,841,185              | 9,841,185            | 9,490,772              | 9,490,772            |
| Security Services          | 550,794                | 550,794              | 603,590                | 603,590              |
| Pupil Transportation       | 5,136,042              | 3,002,298            | 4,660,721              | 2,756,775            |
| Food Service               | 3,643,339              | 50,487               | 3,583,560              | (103,117)            |
| Community Services         | 773,015                | 212,048              | 819,162                | 212,912              |
| Facilities Acq. & Const.   | 771,150                | 771,150              | 3,611,623              | 3,611,623            |
| Principal                  | 7,265,946              | 7,265,946            | 6,424,759              | 6,424,759            |
| Interest & Fiscal Charges  | 1,991,146              | 1,991,146            | 2,750,456              | 2,750,456            |
| <b>Total Expenses</b>      | <b>\$107,262,750</b>   | <b>\$ 79,859,350</b> | <b>\$107,247,542</b>   | <b>\$ 79,421,515</b> |

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil. Program revenues in this area are from the state and federal governments as well as the Voluntary Interdistrict Choice Corporation.

Support Services include all expenses that indirectly assist, administer and sustain the teaching of pupils. Program revenues include state and federal funds associated with specific programs like transportation and food service. Also included are student fees for programs such as food service and community education services.

MEHLVILLE R-IX SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Facility Acquisition and Construction includes the costs of construction, equipment, vehicles and other capital items.

Debt Service (Principal and Interest) as well as Component Unit payments involve the transactions associated with the payment of principal, interest and other related debt charges and lease payments of the School District.

The dependence upon tax revenues is apparent. Over 75% of instruction and support activities are funded through taxes and other general revenues. The community, as a whole, is the primary support for the Mehlville School District.

### **The School District's Funds**

Information about the School District's major funds starts on page 15. These funds are accounted for using the cash basis of accounting. The School District uses four major funds to account for financial activity in accordance with Chapter 165 of the Revised Statutes of the State of Missouri:

General Fund – Accounts for general operations and activities of the school district; including non-certified employees' salary and benefits, supplies, textbooks, student activities and food services.

Special Revenue Fund – Primarily accounts for revenue sources legally restricted to salary and benefit expenditures for certified employees.

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

Capital Projects Fund – Accounts for the proceeds of long-term debt, taxes and other revenues restricted for acquisition and/or construction of major capital assets and lease purchase payments of principal and interest.

All governmental funds had total revenue of \$115.5M for FY15 as compared to \$105.5M in FY14. The increase between years is summarized above.

All governmental fund expenditures for FY15 were \$107.3M as compared to \$107.2M in FY14. The increase between years is summarized above.

The net change in fund balances for the year was an increase of \$8.2M.

The School District makes fund transfers in accordance with the laws of the State of Missouri and as appropriate. For FY15, the School District transferred \$118K from the General Fund into the Capital Projects Fund to allow for the remodeling of food service facilities. Last year's transfer was \$28K.

### **Budgeting Highlights**

The School District's budget is prepared according to Missouri law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide

MEHLVILLE R-IX SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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flexibility for site management. The School District continually reviews the budget throughout the fiscal year and makes several amendments during the year as necessary. The School District passed appropriations to match expenditures.

### **Capital Assets**

The District has chosen to exclude monies invested in land, buildings, furniture and equipment, and vehicles in the current year financial statements.

### **Debt Administration**

The District has long and short-term debt through bonds, certificates of participation and leases. At June 30, 2015, the District had \$1.1M in general obligation bonds, with maturities through 2017.

During FY15, the District increased is in process of refunding \$9,830,000 on a certificate of participation for Series 2005 which totaled \$12,750,000 principal that was payable through 2018. To do so, the District received \$10,000,000 for Series 2015 certificate of participation on June 24, 2015 which has a lower interest rate than the 2005 Series. Next fiscal year on September 1, 2015, the District will use Series 2015 funds to refund \$9,830,000 of the Series 2005 principal (the remaining \$170,000 is used for financing costs). The refinancing will save the District about \$445K, net of the financing costs. Thus, debt totals will increase by \$10M at June 30<sup>th</sup> since 2015 Series funds were received but the 2005 principal is not paid off until September 2015 because of the call date requirements.

The School District has \$68.2M in lease certificates of participation outstanding at June 30, 2015, with payments due through 2029. Principal of \$6.4M and interest of \$1.8M were paid during FY15. Once the 2005 Series is refunded in September 2015, the principal will reduce by \$9.8M.

The District entered into a lease purchase in the amount of \$837,041 during FY07 to renovate the St. John site. The lease purchase will incur interest rate charges for 10 years. Payments began in FY08. The District paid \$92K in principal and \$12K in interest in FY15. The outstanding balance at June 30, 2015, is \$196K.

The School District had two Department of Natural Resources (DNR) energy loans. The outstanding amount of the first DNR loan at June 30, 2015, is \$28K with payments due through 2019 and the second DNR loan has a balance of \$186K with payments due through 2021. Principal of \$32K and interest of \$8K were paid for both loans during FY15.

The District entered into a lease purchase agreement for copiers in June of 2011. The amount of the lease is \$453,506 and will be paid over five years. Principal of \$94K and interest of \$99K were paid during 2015.

The District had an outstanding turf lease in the amount of \$185K at June 30, 2015, with payments due through 2016. Principal of \$178K and interest of \$16K were paid during FY15.

Lastly, the District entered into a lease purchase for \$770,795 during FY15 to obtain one new school bus and 11 used school buses. Principal of \$101K and interest of \$12K were paid during FY15.

MEHLVILLE R-IX SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

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Table 5 summarizes the outstanding debt.

|                                     |                      |
|-------------------------------------|----------------------|
| General Obligation Bonds            | \$ 1,135,000         |
| Lease Certificates of Participation | 58,591,370           |
| Capital Leases                      | 873,817              |
| DNR Energy Loans - Combined         | 189,393              |
|                                     | <u>\$ 60,789,580</u> |

At June 30, 2015, the School District's overall legal debt margin was approximately \$249M. The legal debt margin is the amount of general obligation bond debt a district may have outstanding. Mehlville School District's general obligation bond debt is under 1.0% of the maximum allowable amount. The School District could issue an additional \$248M in general obligation bonds debt.

#### **Current Financial Issues and Concerns**

The Mehlville School District is financially stable and continues to strive to provide quality education and adequate facilities. The School District has continued to provide educational services that are above average for a cost that is less than the state average. The School District is proud of its community support of donations totaling over \$2M.

A concern that all school districts in the state are facing is the uncertainty of future state funding of the foundation formula. The funding formula was adopted in FY06 and began implementation in FY07 with a 7 year phase-in. Therefore, the School District is expecting to receive an increase in state funding as the formula is implemented. This is dependent on the State annually funding the new formula in full.

The Mehlville School District maintains a self-funded medical insurance plan and provides medical, dental, vision and life insurance for employees. The dental portion of the insurance fund continues to be stable and adequately reserved. The medical fund portion declined five consecutive years from \$5.9M in 2008 to \$1.5M in 2013. Modest plan changes were put into place for calendar year 2014 and the fund balance rose to \$1.9M but was still below the minimum required balance and well below the balance in 2008. More significant changes were made in 2015. Actuaries project the calendar year-end balance to be \$3.2M by the end of 2015. While actual results can vary significantly, it appears the District trend is going in the **right direction to once again attain a properly funded medical fund balance.**

A community engagement process was implemented by the District in FY05 to study the future of Mehlville School District's continued participation in the Voluntary Interdistrict Choice Corporation. The Board of Education approved the committee's recommendation to begin decreasing VICC enrollment by 15% each year beginning in FY06, and then it was later amended to a reduction of 10%. Last spring with budget cut proposals, it was determined that VICC revenue would remain flat and will not be reduced for now.

In FY2014, Missouri state statute 167.131.1 allows students in unaccredited school districts to attend an accredited school in the same or adjoining county and the unaccredited school must pay tuition to the accredited school on behalf of that student. About 112 students from Riverview Gardens enrolled at Mehlville last year at a per student tuition rate of \$7,927 based on specific guidelines from the Department of Elementary and Secondary Education. The District gained about \$900KM revenue in FY15. Revenue in FY16 is budgeted just under \$700K at the same tuition rate. This revenue should be

MEHLVILLE R-IX SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

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deemed non-recurring and should not be factored into future forecast revenue. Furthermore, tuition is based on hours attended.

Finally, the District budget for FY16 is a net \$1.3M deficit of which \$2.6M is an operating deficit, and \$1.3M is a non-operating surplus. Cash reserves at June 30, 2015, were 21.3% so the District has an adequate cash position that avoids the need for short-term borrowing. The District made \$4M of strategic budget cuts for FY16 to reduce the operating deficit, and \$1M of capital deferrals to build capital fund reserves which does not save money but merely pushes expenses into a future period. It is very important to view the budget as two separate buckets between operating funds and capital funds, and not just the overall grand total budget deficit or surplus. Both buckets must be managed to avoid operating deficits and to avoid deferring basic capital projects.

The Board of Education has approved a Proposition R tax levy of 49 cents to be placed on the November 2015 ballot. If passed, this would result in approximately \$8.3M additional annual revenue to operating funds. However, solutions are still needed for funding significant capital projects of basic maintenance items.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the funds it receives. If you have questions about this report or need additional financial information please contact Marshall Crutcher, Chief Financial Officer at Mehlville School District, 3120 Lemay Ferry Road, St. Louis, MO 63125, 314-467-5000.



## **BASIC FINANCIAL STATEMENTS**

**Mehlville R-IX School District**  
**Statement of Net Position - Modified Cash Basis**  
**As of June 30, 2015**

|                                     | <u><b>Governmental Activities</b></u> |
|-------------------------------------|---------------------------------------|
| <b>Assets</b>                       |                                       |
| Current Assets:                     |                                       |
| Cash and cash equivalents (Note II) | \$ 21,705,074.30                      |
| Investments                         | -                                     |
| Restricted Assets:                  |                                       |
| Cash and cash equivalents (Note II) | 6,903,171.38                          |
| Investments                         | 521,969.67                            |
| Investments in Escrow               | 300,955.00                            |
| Component Unit Escrow Deposits      | 10,251,792.17                         |
| Self Insurance Cash                 | 3,292,501.77                          |
| Self Insurance Investments          | 540,400.32                            |
|                                     | <hr/>                                 |
| <b>Total Assets</b>                 | <b><u><u>\$ 43,515,864.61</u></u></b> |
| <br><b>Net Position</b>             |                                       |
| Restricted:                         |                                       |
| Debt Service                        | \$ 575,002.74                         |
| Component Unit Escrow Deposits      | -                                     |
| For Future Claims                   | 3,832,902.09                          |
| Capital Projects Fund               | -                                     |
| Total Restricted                    | <hr/> 4,407,904.83                    |
| Unrestricted                        | \$ 39,107,959.78                      |
|                                     | <hr/>                                 |
| Total Unrestricted                  | <u>39,107,959.78</u>                  |
|                                     | <hr/>                                 |
| <b>Total Net Position</b>           | <b><u><u>\$ 43,515,864.61</u></u></b> |

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

**Mehlville R-IX School District**  
**Statement of Activities - Modified Cash Basis**  
**For the Year Ended June 30, 2015**

| Functions/Programs  | Expenses          | Program Revenues     |                                       |                                     | Net (Expenses) Revenue<br>and Changes in<br>Net Position |
|---|-------------------|----------------------|---------------------------------------|-------------------------------------|--|
|   |                   | Charges for Services | Operating Grants and<br>Contributions | Capital Grants and<br>Contributions | Governmental<br>Activities                               |
| <b>Governmental activities:</b>                                   |                   |                      |                                       |                                     |  |
| Instruction   | \$ 56,345,206.91  | \$ 3,854,876.93      | \$ 14,818,047.01                      | \$ 20,854.93                        | \$ (37,651,428.04)                                       |
| Attendance  | 62,099.03         | -                    | -                                     | -                                   | (62,099.03)  |
| Guidance  | 2,811,260.29      | -                    | -                                     | -                                   | (2,811,260.29)   |
| Health, Psych Speech and Audio                                    | 1,131,536.30      | -                    | -                                     | -                                   | (1,131,536.30)   |
| Improvement of Instruction  | 2,111,364.19      | -                    | 399,296.69                            | -                                   | (1,712,067.50)   |
| Professional Development  | 126,132.33        | -                    | -                                     | -                                   | (126,132.33)   |
| Media Services (Library)  | 1,694,134.25      | -                    | -                                     | -                                   | (1,694,134.25)   |
| Board of Education Services                                       | 737,833.87        | -                    | -                                     | -                                   | (737,833.87)   |
| Executive Administration  | 367,543.20        | -                    | -                                     | -                                   | (367,543.20)   |
| Building Level Administration                                     | 5,662,949.67      | -                    | -                                     | -                                   | (5,662,949.67)   |
| Business Central Service  | 4,011,129.30      | -                    | -                                     | -                                   | (4,011,129.30)   |
| Operation of Plant  | 9,841,184.53      | -                    | -                                     | -                                   | (9,841,184.53)   |
| Security Services   | 550,794.11        | -                    | -                                     | -                                   | (550,794.11)   |
| Pupil Transportation  | 5,136,042.37      | 1,160,970.39         | 972,774.00                            | -                                   | (3,002,297.98)   |
| Food Services   | 3,643,339.37      | 2,025,650.81         | 1,567,201.54                          | -                                   | (50,487.02)  |
| Student Activities  | 2,228,943.93      | 2,022,760.03         | -                                     | -                                   | (206,183.90)   |
| Community Services  | 773,014.57        | 560,967.05           | -                                     | -                                   | (212,047.52)   |
| Capital Outlay  | 771,150.21        | -                    | -                                     | -                                   | (771,150.21)   |
| Debt Service:   |                   |                      |                                       |                                     |  |
| Principal Retirement  | 7,265,945.76      | -                    | -                                     | -                                   | (7,265,945.76)   |
| Interest and Fiscal Charges                                       | 1,991,145.67      | -                    | -                                     | -                                   | (1,991,145.67)   |
|   |                   |                      |                                       |                                     | -  |
| Total Governmental Activities                                     | \$ 107,262,749.86 | \$ 9,625,225.21      | \$ 17,757,319.24                      | \$ 20,854.93                        | (79,859,350.48)  |
| <b>General revenues:</b>  |                   |                      |                                       |                                     |  |
| Taxes:  |                   |                      |                                       |                                     |  |
| Property taxes, levied for general purposes                       |                   |                      |                                       |                                     | 21,234,185.14  |
| Property taxes, levied for special revenue                        |                   |                      |                                       |                                     | 42,543,400.59  |
| Property taxes, levied for debt service                           |                   |                      |                                       |                                     | 533,093.73   |
| Property taxes, levied for capital projects                       |                   |                      |                                       |                                     | 7,831,308.12   |
| Federal, State and County aid not restricted to specific purposes |                   |                      |                                       |                                     | 5,447,977.67   |
| Interest and investment earnings                                  |                   |                      |                                       |                                     | 35,128.05  |
| Net Proceeds from COP'S issued( 2013, 2014A, 2014B, 2014C)        |                   |                      |                                       |                                     | 9,821,948.04   |
| Miscellaneous   |                   |                      |                                       |                                     | 608,245.04   |
| <b>Subtotal, general revenues</b>                                 |                   |                      |                                       |                                     | <u>88,055,286.38</u>                                     |
| <b>Changes in Net Position</b>                                    |                   |                      |                                       |                                     | 8,195,935.90   |
| Net Position July 1, 2014   |                   |                      |                                       |                                     | <u>35,319,928.71</u>                                     |
| Net Position June 30, 2015  |                   |                      |                                       |                                     | <u>\$ 43,515,864.61</u>                                  |

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

**Mehlville R-IX School District**  
**Balance Sheet - Modified Cash Basis -**  
**All Governmental Funds-Including Component Unit**  
**As of June 30, 2015**

|                                      | <u>General Fund</u>            | <u>Special Revenue Fund</u>   | <u>Debt Service Fund</u>    | <u>Capital Projects Fund</u>   | <u>Total Governmental Funds</u> |
|--------------------------------------|--------------------------------|-------------------------------|-----------------------------|--------------------------------|---------------------------------|
| <b>ASSETS</b>                        |                                |                               |                             |                                |                                 |
| Cash and cash equivalents (Note II)  | \$ 18,169,287.67               | \$ 3,535,786.63               | \$ -                        | \$ -                           | \$ 21,705,074.30                |
| Investments                          | -                              | -                             | -                           | -                              | -                               |
| Restricted Assets:                   |                                |                               |                             |                                |                                 |
| Cash and Cash Equivalents ( Note II) | -                              | -                             | 274,047.74                  | 6,629,123.64                   | 6,903,171.38                    |
| Investments                          | -                              | -                             | -                           | 521,969.67                     | 521,969.67                      |
| Investments in Escrow                | -                              | -                             | 300,955.00                  | -                              | 300,955.00                      |
| Component Unit Escrow Deposits       | -                              | -                             | -                           | 10,251,792.17                  | 10,251,792.17                   |
| <b>Total Assets:</b>                 | <b><u>\$ 18,169,287.67</u></b> | <b><u>\$ 3,535,786.63</u></b> | <b><u>\$ 575,002.74</u></b> | <b><u>\$ 17,402,885.48</u></b> | <b><u>\$ 39,682,962.52</u></b>  |
| <b>LIABILITIES AND FUND BALANCES</b> |                                |                               |                             |                                |                                 |
| <b>Fund Balances:</b>                |                                |                               |                             |                                |                                 |
| <b>Restricted for:</b>               |                                |                               |                             |                                |                                 |
| Debt Service                         | -                              | -                             | 575,002.74                  | -                              | 575,002.74                      |
| <b>Assigned to:</b>                  |                                |                               |                             |                                |                                 |
| Special Revenue Fund                 | -                              | 3,535,786.63                  | -                           | -                              | 3,535,786.63                    |
| Capital Projects Fund                | -                              | -                             | -                           | 17,402,885.48                  | 17,402,885.48                   |
| <b>Unassigned</b>                    | 18,169,287.67                  | -                             | -                           | -                              | 18,169,287.67                   |
| <b>Total Fund Balances:</b>          | <b><u>\$ 18,169,287.67</u></b> | <b><u>\$ 3,535,786.63</u></b> | <b><u>\$ 575,002.74</u></b> | <b><u>\$ 17,402,885.48</u></b> | <b><u>\$ 39,682,962.52</u></b>  |

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

**Mehlville R-IX School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis -**  
**All Governmental Funds-Including Component Unit**  
**For the Year Ended June 30, 2015**

|  | <b>General Fund</b>     | <b>Special Revenue Fund</b> | <b>Debt Service Fund</b> | <b>Capital Projects Fund</b> | <b>Total Governmental Funds</b> |
|--|-------------------------|-----------------------------|--------------------------|------------------------------|---------------------------------|
| <b>Revenues</b>  |                         |                             |                          |                              |                                 |
| Local Sources  | \$ 27,859,490.58        | \$ 42,764,303.03            | \$ 533,396.08            | \$ 8,524,467.63              | \$ 79,681,657.32                |
| County Sources   | 524,564.17              | 1,001,239.01                | 13,299.54                | 160,800.59                   | 1,699,903.31                    |
| State Sources  | 4,896,086.26            | 11,537,758.79               | -                        | 1,308,147.23                 | 17,741,992.28                   |
| Federal Sources  | 2,861,148.22            | 1,115,308.33                | -                        | -                            | 3,976,456.55                    |
| <b>TOTAL REVENUES</b>                                      | <b>36,141,289.23</b>    | <b>56,418,609.16</b>        | <b>546,695.62</b>        | <b>9,993,415.45</b>          | <b>103,100,009.46</b>           |
| <b>Expenditures</b>  |                         |                             |                          |                              |                                 |
| <b>Current</b>   |                         |                             |                          |                              |                                 |
| Regular Instruction  | 7,318,894.85            | 51,655,197.83               | -                        | 176,470.22                   | 59,150,562.90                   |
| Attendance   | 62,710.13               | -                           | -                        | -                            | 62,710.13                       |
| Guidance   | 407,714.95              | 2,431,210.18                | -                        | -                            | 2,838,925.13                    |
| Health, Psych Speech & Audio                               | 1,142,671.44            | -                           | -                        | -                            | 1,142,671.44                    |
| Improvement of Instruction                                 | 587,154.89              | 1,519,000.43                | -                        | 25,986.22                    | 2,132,141.54                    |
| Professional Development                                   | 106,535.24              | 20,838.32                   | -                        | -                            | 127,373.56                      |
| Media Services   | 367,976.70              | 1,342,829.06                | -                        | -                            | 1,710,805.76                    |
| Board of Education Services                                | 745,094.69              | -                           | -                        | -                            | 745,094.69                      |
| Executive Administration                                   | 130,893.44              | 240,266.65                  | -                        | -                            | 371,160.09                      |
| Building Level Administration                              | 1,858,935.42            | 3,859,741.78                | -                        | -                            | 5,718,677.20                    |
| Business Central Services                                  | 3,778,031.84            | 124,488.46                  | -                        | 148,081.42                   | 4,050,601.72                    |
| Operation of Plant   | 9,624,945.76            | -                           | -                        | 313,083.15                   | 9,938,028.91                    |
| Security Services  | 556,214.32              | -                           | -                        | -                            | 556,214.32                      |
| Pupil Transportation                                       | 4,637,852.39            | -                           | -                        | 548,732.36                   | 5,186,584.75                    |
| Food Service   | 3,561,267.63            | -                           | -                        | 117,924.84                   | 3,679,192.47                    |
| Community Services   | 462,013.74              | 318,607.85                  | -                        | -                            | 780,621.59                      |
| Capital Outlay   | -                       | -                           | -                        | 771,150.21                   | 771,150.21                      |
| Debt Service:  |                         |                             |                          |                              |                                 |
| Principal  | -                       | -                           | 515,000.00               | 6,750,945.76                 | 7,265,945.76                    |
| Interest and Charges                                       | -                       | -                           | 72,201.50                | 1,918,944.17                 | 1,991,145.67                    |
| <b>Total Support Services</b>                              | <b>35,348,907.43</b>    | <b>61,512,180.56</b>        | <b>587,201.50</b>        | <b>10,771,318.35</b>         | <b>108,219,607.84</b>           |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b>   | <b>792,381.80</b>       | <b>(5,093,571.40)</b>       | <b>(40,505.88)</b>       | <b>(777,902.90)</b>          | <b>(5,119,598.38)</b>           |
| <b>Other Financing Sources (Uses):</b>                     |                         |                             |                          |                              |                                 |
| Transfers  | (117,787.38)            | -                           | -                        | 117,787.38                   | -                               |
| Tuition from other Districts                               | 906,888.60              | -                           | -                        | -                            | 906,888.60                      |
| Area Voc Fees From Other LEAs                              | -                       | -                           | -                        | -                            | -                               |
| Sale of Other Property                                     | -                       | -                           | -                        | 11,284.90                    | 11,284.90                       |
| COP'S issued( 2013, 2014A, 2014B, 2014C)                   | -                       | -                           | -                        | 10,000,000.00                | 10,000,000.00                   |
| Debt Retired from Refinancing (2004, 2010, 2011)           | -                       | -                           | -                        | -                            | -                               |
| Cost of Issuance   | -                       | -                           | -                        | (178,051.96)                 | (178,051.96)                    |
| Contracted Educational Services                            | 459,712.55              | -                           | -                        | -                            | 459,712.55                      |
| Transportation From Other LEA's for Non Disabled Route     | 74,225.15               | -                           | -                        | -                            | 74,225.15                       |
| Trans. Amounts from other LEA's for K-12 Disabled Students | 1,078,327.06            | -                           | -                        | -                            | 1,078,327.06                    |
| <b>Total Other Financing Sources (Uses)</b>                | <b>2,401,365.98</b>     | <b>-</b>                    | <b>-</b>                 | <b>9,951,020.32</b>          | <b>12,352,386.30</b>            |
| <b>NET CHANGE IN FUND BALANCES</b>                         | <b>3,193,747.78</b>     | <b>(5,093,571.40)</b>       | <b>(40,505.88)</b>       | <b>9,173,117.42</b>          | <b>7,232,787.92</b>             |
| Fund Balances July 1, 2014                                 | 14,975,539.89           | 8,629,358.03                | 615,508.62               | 8,229,768.06                 | 32,450,174.60                   |
| Fund Balances June 30, 2015                                | <u>\$ 18,169,287.67</u> | <u>\$ 3,535,786.63</u>      | <u>\$ 575,002.74</u>     | <u>\$ 17,402,885.48</u>      | <u>\$ 39,682,962.52</u>         |

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

**Mehlville R-IX School District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**With the Statement of Net Position - Modified Cash Basis**  
**June 30, 2015**

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

|  |                                |
|--|--------------------------------|
| Total Fund Balance - Governmental Funds      | \$ 39,682,962.52               |
| Total Net Position - Self-Insurance          | 3,832,902.09                   |
|  | <hr/>                          |
| Total Net Position - Governmental Activities | <u><u>\$ 43,515,864.61</u></u> |

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

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

|  |                               |
|--|-------------------------------|
| Total net change in fund balances - governmental funds | \$ 7,232,787.92               |
| Total net change in net position - self-insurance      | 963,147.98                    |
|  | <hr/>                         |
| Change in net position of statement of activities      | <u><u>\$ 8,195,935.90</u></u> |

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

**Mehlville R-IX School District**  
**Statement of Net Position**  
**Modified Cash Basis - Proprietary Fund**  
**As of June 30, 2015**

|  | <u><b>Self Insurance Fund</b></u> |
|--|-----------------------------------|
| <b>ASSETS</b>                            |                                   |
| Restricted:                              |                                   |
| Cash and Cash Equivalents                | \$ 3,292,501.77                   |
| Investments                              | <u>540,400.32</u>                 |
| <b>Total Assets</b>                      | <u><u>3,832,902.09</u></u>        |
| <b>LIABILITIES</b>                       |                                   |
| Accounts Payable and Accrued Liabilities | <u>\$ -</u>                       |
| <b>Total Liabilities</b>                 | <u><u>\$ -</u></u>                |
| <b>NET POSITION</b>                      |                                   |
| Restricted for Future Claims             | \$ 3,832,902.09                   |
| Unrestricted                             | <u>-</u>                          |
| <b>Total Net Position</b>                | <u><u>\$ 3,832,902.09</u></u>     |

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



**Mehlville R-IX School District  
Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Modified Cash Basis- Proprietary Fund  
As of June 30, 2015**

|   |                            |
|---|----------------------------|
| <b>OPERATING REVENUES</b>                             |                            |
| Self-Insurance Premiums                               | \$ 11,147,534.33           |
| <b>Total Operating Revenues</b>                       | <u>11,147,534.33</u>       |
| <br><b>OPERATING EXPENSES</b>                         |                            |
| Claims  | 9,061,999.35               |
| Administration Fees                                   | 1,128,677.00               |
| <b>Total Operating Expenses</b>                       | <u>10,190,676.35</u>       |
| <br><b>Operating Income (Loss)</b>                    | <br>956,857.98             |
| <br><b>NON-OPERATING REVENUES (EXPENSES)</b>          |                            |
| Interest Income                                       | 6,290.00                   |
| <b>Total Non-Operating Revenues (Expenses)</b>        | <u>6,290.00</u>            |
| <br><b>Income (Loss) Before Capital Contributions</b> | <br>963,147.98             |
| <br><b>Capital Contributions</b>                      | <br><u>-</u>               |
| <br><b>Change in Net Position</b>                     | <br>963,147.98             |
| <br><b>Total Net Position - July 1, 2014</b>          | <br><u>2,869,754.11</u>    |
| <br><b>Total Net Position - June 30, 2015</b>         | <br><u>\$ 3,832,902.09</u> |

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

**Mehlville R-IX School District  
Statement of Cash Flows  
Modified Cash Basis - Proprietary Fund  
As of June 30, 2015**

|   | <u>Self Insurance<br/>Fund</u> |
|---|--------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                |
| Cash Received from User Charges   | \$ 11,147,534.33               |
| Cash Payments for Insurance Claims and Fees   | <u>(10,190,676.35)</u>         |
| <b>Net Cash Provided (Used) by Operating Activities</b>   | 956,857.98                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                                |
| Interest on Investments (including matured investments)   | <u>500,905.88</u>              |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>   | 1,457,763.86                   |
| <b>Cash and Cash Equivalents - July 1, 2014</b>   | <u>1,834,737.91</u>            |
| <b>Cash and Cash Equivalents - June 30, 2015</b>  | <u>3,292,501.77</u>            |
| <b>Reconciliation of Operating Income/(Loss) to Net Cash Provided<br/>(Used) by Operating Activities:</b> |                                |
| Operating Income (Loss)   | <u>956,857.98</u>              |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>   | <u>\$ 956,857.98</u>           |

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

**Mehlville R-IX School District**  
**Statement of Fiduciary Net Position**  
**Modified Cash Basis - Fiduciary (Agency) Fund**  
**As of June 30, 2015**

|                                  | <u>Flex Spending Account</u> |
|----------------------------------|------------------------------|
| <b>Assets</b>                    |                              |
| Cash and Cash Equivalents        | \$ -                         |
| Prepaid Premiums                 | <u>2,344.39</u>              |
| <b>Total Assets</b>              | <u><u>2,344.39</u></u>       |
| <b>Liabilities</b>               |                              |
| Bank Overdraft                   | <u>2,344.39</u>              |
| <b>Total Liabilities</b>         | <u><u>\$ 2,344.39</u></u>    |
| <b>Net Position</b>              |                              |
| Net Investment in Capital Assets | \$ -                         |
| Restricted                       | -                            |
| Unrestricted                     | <u>-</u>                     |
| <b>Total Net Position</b>        | <u><u>\$ -</u></u>           |

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

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of Mehlville R-IX School District have been prepared on the modified cash basis of accounting, which is a special purpose framework that differs from accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity

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

Included in the reporting entity:

Mehlville R-IX School District Public Facilities Authority: This component unit was incorporated as a not-for-profit organization whose stated purpose is to operate exclusively for the benefit of the District. Although the District is not legally responsible for the debt of the Public Facilities Authority, the corporation's sole source of revenue is lease payments from the District. The financial information presented for the Public Facilities Authority has been blended with that of the District.

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Excluded from the reporting entity:

Public School Retirement System of Missouri, Non-Teacher School 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 Mehlville-Oakville School District Foundation is an independent unit that provides financial support to the District by funding educational activities not included in the District budget.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

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

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

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

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

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

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

Fund Accounting

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

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

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

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

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

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

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

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

Fiduciary Funds

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

Cash and Cash Equivalents

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

Basis of Accounting

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

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

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (concluded)

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

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

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

Revenues-Exchange and Non-Exchange Transactions

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

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

Fund Balance Classification

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

- Nonspendable Fund Balance consists of funds that cannot be spent due to their form (e.g., inventories and prepaids) or funds that legally or contractually must remain intact. The District did not have any nonspendable resources as of June 30, 2015.
- Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District-held bonds and are restricted through debt covenants.



MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classification (concluded)

- Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision-making authority, the Board of Education. Formal action must be taken prior to the end of the fiscal year, such as a vote from the Board of Education. The same formal action must be taken to remove or change the limitations placed on the funds.
- Assigned Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision-making authority, the Board of Education, or a body or official, like the Superintendent, who has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance. This classification includes the remaining positive fund balance of all governmental funds except for the General Fund.
- Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

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

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

|                                    | <u>Nonspendable</u> | <u>Restricted</u>    | <u>Committed</u> | <u>Assigned</u>         |
|------------------------------------|---------------------|----------------------|------------------|-------------------------|
| General (Incidental) Fund          | \$ -                | \$ -                 | \$ -             | \$ -                    |
| Special Revenue/<br>(Teacher) Fund | -                   | -                    | -                | 3,535,786.63            |
| Debt Service Fund                  | -                   | 575,002.74           | -                | -                       |
| Capital Projects Fund              | -                   | -                    | -                | 17,402,885.48           |
| Total                              | <u>\$ -</u>         | <u>\$ 575,002.74</u> | <u>\$ -</u>      | <u>\$ 20,938,672.11</u> |

Post-Employment Benefits

**COBRA Benefits** - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. As of June 30, 2015, there were five participants in the program.

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Inventories

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

Self Insured Medical Benefits

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

Flex Spending Arrangement

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

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

Teachers' Salaries

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

Compensated Absences

Vacation time, personal sick days and sick leave are considered an expenditure in the year paid. Amounts that are unpaid and vested in the employee are paid at termination. Total vested and unpaid vacation at June 30, 2015, amounted to approximately \$843,436.90. This estimate has not been subjected to auditing procedures.

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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II. DEPOSITS AND INVESTMENTS

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

Governmental and Proprietary Funds

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2015, the carrying amount of the District's governmental fund deposits was \$39,682,962.52, and the carrying amount of the District's proprietary fund deposits was \$3,832,902.09. The bank balance was \$49,479,323.48. Of the bank balance, \$250,000.00 was covered by federal depository insurance, and \$38,977,517.31 was covered by collateral held at the Federal Reserve Bank and the District's safekeeping bank agent, in the District's name. The component unit amounts of \$10,251,806.17 are held by a trustee in the District's name and are invested in federal securities.

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

| TYPE                           | MATURITIES | FMV              |
|--------------------------------|------------|------------------|
| Governmental Funds             |            |                  |
| Deposits:                      |            |                  |
| Demand Deposits                | N/A        | \$ 21,705,074.30 |
| Restricted Cash                | N/A        | 6,903,171.38     |
| Component Unit Escrow Deposits | N/A        | 10,251,792.17    |
| Subtotal Deposits              |            | 38,860,037.85    |
| Proprietary Funds              |            |                  |
| Restricted:                    |            |                  |
| Self Insurance Fund - Cash     | N/A        | 3,292,501.77     |
| Subtotal Deposits              |            | 3,292,501.77     |
| Grand Total Deposits           |            | \$ 42,152,539.62 |

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

II. DEPOSITS AND INVESTMENTS (continued)

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

| TYPE                      | FAIR VALUE             | MATURITY<br>LESS THAN<br>1 YEAR | MATURITY<br>1-5 YEARS |
|---------------------------|------------------------|---------------------------------|-----------------------|
| <u>Governmental Funds</u> |                        |                                 |                       |
| MOSIP                     | \$ 521,969.67          | \$ 521,969.67                   | \$ -                  |
| Investments in Escrow     | 300,955.00             | 300,955.00                      | -                     |
|                           |                        |                                 |                       |
| Total Investments         | <u>822,924.67</u>      | <u>822,924.67</u>               | <u>-</u>              |
| <u>Proprietary Funds</u>  |                        |                                 |                       |
| MOSIP                     | 540,400.32             | 540,400.32                      | -                     |
|                           |                        |                                 |                       |
| Subtotal Investments      | <u>540,400.32</u>      | <u>540,400.32</u>               | <u>-</u>              |
|                           |                        |                                 |                       |
| Grand Total Investments   | <u>\$ 1,363,324.99</u> | <u>\$ 1,363,324.99</u>          | <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 for the year ended June 30, 2015.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the District or its agent but not in the government's name. The District does not have a policy for custodial credit risk relating to investments. All investments, evidenced by individual securities, are registered in the name of the District or of a type not exposed to custodial credit risk.

Investment Interest Rate Risk

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

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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II. DEPOSITS AND INVESTMENTS (concluded)

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the District for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The District has a policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The District's deposits were not exposed to concentration of investment credit risk for the year ended June 30, 2015.

SUMMARY OF CARRYING VALUES

Included in the following fund financial statement captions:

Balance Sheet – All Governmental Funds

|                                |                         |
|--------------------------------|-------------------------|
| Cash                           | \$ 21,705,074.30        |
| Restricted:                    |                         |
| Cash                           | 6,903,171.38            |
| Investments                    | 521,969.67              |
| Investments in Escrow          | 300,955.00              |
| Component Unit Escrow Deposits | 10,251,792.17           |
|                                | <u>\$ 39,682,962.52</u> |

Statement of Net Position – Proprietary  
Fund

|             |                        |
|-------------|------------------------|
| Restricted: |                        |
| Cash        | \$ 3,292,501.77        |
| Investments | 540,400.32             |
|             | <u>\$ 3,832,909.09</u> |

III. TAXES

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

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

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

III. TAXES (concluded)

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

Real Estate:

|                   |    |                      |
|-------------------|----|----------------------|
| Residential       | \$ | 1,126,519,180        |
| Agricultural      |    | 293,110              |
| Commercial        |    | 285,010,240          |
| Personal Property |    | <u>246,590,800</u>   |
| TOTAL             | \$ | <u>1,658,413,330</u> |

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

|                       | UNADJUSTED       | ADJUSTED         |
|-----------------------|------------------|------------------|
| General Fund          | \$ 1.2200        | \$ 1.2200        |
| Special Revenue Fund  | 2.0599           | 2.0599           |
| Debt Service Fund     | 0.0320           | 0.0320           |
| Capital Projects Fund | <u>0.4700</u>    | <u>0.4700</u>    |
| TOTAL                 | <u>\$ 3.7819</u> | <u>\$ 3.7819</u> |

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2015, aggregated approximately 97.81% of the current assessment computed on the basis of the levy as shown above.

IV. CHANGES IN LONG-TERM DEBT

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

| Description                 | Beginning<br>Balance<br>July 1, 2014 | Current<br>Year<br>Additions | Current Year<br>Deletions &<br>Payments | Ending<br>Balance<br>June 30, 2015 | Interest Paid<br>Current<br>Year |
|-----------------------------|--------------------------------------|------------------------------|---|------------------------------------|----------------------------------|
| General Obligation<br>Bonds | \$ 1,650,000.00                      | \$ -                         | \$ 515,000.00                           | \$ 1,135,000.00                    | \$ 71,989.50                     |
| Capital Leases              | 64,868,593.12                        | 10,000,000.00                | 16,277,222.72                           | 58,591,370.40                      | 1,856,506.30                     |
| DNR Energy Loan             | 220,896.17                           | -                            | 31,502.87                               | 189,393.30                         | 7,958.13                         |
| Other Debt                  | <u>1,247,189.36</u>                  | <u>-</u>                     | <u>373,372.53</u>                       | <u>873,816.83</u>                  | <u>34,061.56</u>                 |
| Total                       | <u>\$ 67,986,678.65</u>              | <u>\$ 10,000,000.00</u>      | <u>\$ 17,197,098.12</u>                 | <u>\$ 60,789,580.53</u>            | <u>\$ 1,970,515.49</u>           |

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

IV. CHANGES IN LONG-TERM DEBT (continued)

Bonds payable at June 30, 2015, consist of:

\$3,855,000 Original Principal Mehlville R-IX School District General Obligation Refunding Bond Series 2009 dated June 11, 2009 - due in varying annual principal installments ranging from \$395,000 to \$585,000 beginning February 15, 2010, through February 15, 2017, interest rate is variable from 1.750% to 4.670%. \$ 1,135,000.00

Total \$ 1,135,000.00

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

| FISCAL<br>YEAR ENDING JUNE 30, | PRINCIPAL              | INTEREST            | TOTAL                  |
|--------------------------------|------------------------|---------------------|------------------------|
| 2016                           | \$ 550,000.00          | \$ 51,904.50        | \$ 601,904.50          |
| 2017                           | 585,000.00             | 27,319.50           | 612,319.50             |
| TOTALS                         | <u>\$ 1,135,000.00</u> | <u>\$ 79,224.00</u> | <u>\$ 1,214,224.00</u> |

The District issued \$3,855,000 taxable general obligation refunding bond series 2009 dated June 11, 2009. The bonds were issued for the purpose of providing funds, together with other legally available funds of the District, to (1) advance refund all of the District's outstanding general obligation refunding bonds (MDDP), series 1997, being capital appreciation bonds maturing in the year 2010, in the maturity amount of \$4,235,000 and (2) pay costs of issuance related to the bonds. The payments were made from the Debt Service Fund.

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

ENERGY/OTHER FINANCING

In 2004, the District applied for a \$88,652.75 loan from the Missouri Department of Natural Resources (DNR), Division of Energy, Energy Set-Aside Fund Program. This loan carries a simple annual interest rate of 3.65% and is to be paid back over a term of fifteen years with the final payment due February 1, 2019. Interest on reimbursements of \$27,592.38 was added to the principal making the total promissory note \$116,245.13. Principal balance at June 30, 2015, is \$27,882.10. The payments were made from the Capital Projects Fund.

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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IV. CHANGES IN LONG-TERM DEBT (continued)

ENERGY/OTHER FINANCING (concluded)

In 2005, the District applied for a \$374,470.63 loan from the Missouri Department of Natural Resources (DNR), Division of Energy, Energy Set-Aside Fund Program. This loan carries a simple annual interest rate of 3.75% and is to be paid back over a term of 16 years with the final payment due February 1, 2021. Interest on reimbursements of \$122,862.49 was added to the principal making the total promissory note \$497,333.12. Principal balance at June 30, 2015, is \$161,511.20. The payments were made from the Capital Projects Fund.

CAPITAL LEASES

During the fiscal year 2005, the District also entered into a Series 2005 Certificate of Participation lease, with 14 successive one-year renewal options, as lessee, for approximately \$18,765,000. A corporation outside the District is governing the proceeds from the Certificates and all expenditures submitted, the financial information of the component unit is shown in the supplemental information of this audit report. The proceeds of the Certificates will be used to (1) advance refund the Series 2002 Certificates maturing in the years 2013 through 2018, inclusive, aggregating the principal amount of \$17,065,000 and (2) pay the cost of delivery of the Series 2005 Certificates including the premiums for an insurance policy to cover the reserve requirements.

During the fiscal year 2007, the District entered into a Series 2007 Leasehold Revenue Note, with 10 successive one-year renewal options, as lessee for approximately \$837,041. A corporation outside the District is governing the proceeds from the Certificates and all expenditures submitted, the financial information of the component unit is shown in the supplemental information of this audit report. The proceeds of the Certificate were used to renovate the District's St. John Building located at 3701 Will Avenue.

During the fiscal year 2009, the District entered into a Series 2009 taxable certificates of participation dated June 26, 2009, with a maturity date of March 1, 2029. Principal is payable on March 1 and interest is payable on March 1 and September 1. Interest rates are variable from 3.5% to 6.95%. The proceeds will be used, together with other legally available funds of the District, for the purpose of (1) providing the District funds in an amount sufficient to refund the District's G.O. Refunding Bonds (MO Direct Deposit Program), Series 2007, maturing in the years 2011 to 2013, inclusive, in the aggregate principal amount of \$9,940,000, (2) funding a portion of the debt service reserve account for the Series 2009 Certificates, (3) purchasing a financial guaranty insurance policy for the remaining portion of the debt service reserve account for the Series 2009 Certificates not funded with the proceeds of the Series 2009 Certificates, (4) purchasing a financial guaranty insurance policy for the Series 2009 Certificates, and (5) paying the costs of delivering the Series 2009 Certificates.



MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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IV. CHANGES IN LONG-TERM DEBT (continued)

CAPITAL LEASES (continued)

During the 2012 fiscal year, the District entered into series 2012A Lease Refunding Certificates of Participation through their component unit, Mehlville R-IX School District Public Facilities Authority, dated April 5, 2012, with a final maturity of April 15, 2021. Principal is payable on April 15, and interest is payable on April 15 and October 15. The interest rate is 2.50%. The proceeds of the Series 2012A Certificates plus other funds legally available to the District will be used for the purpose of (1) providing the District funds in an amount sufficient to purchase an escrow account of U.S. Treasury Securities to advance refund all the District's Certificates of Participation, Series 2002, maturing on September 1 in the year 2021, which will be prepaid on September 1, 2012, and (2) paying the costs of delivering the Series 2012A Certificates.

During the 2012 fiscal year, the District entered into series 2012B Lease Certificates of Participation through their component unit, Mehlville R-IX School District Public Facilities Authority, dated April 5, 2012, with a final maturity of April 15, 2020. Principal is payable on April 15, and interest is payable on April 15 and October 15. Interest rates are variable from 0.60% to 2.25%. The proceeds of the sale of the Series 2012B Certificates will be used to provide funds to the District to (1) acquire, construct, furnish, and equip school facilities and buildings, including the construction of an auditorium adjacent to the high school, parking improvements and a new roof to the Witzel Learning Center and (2) paying the costs of delivering the Series 2012A Certificates.

During the 2014 fiscal year, the District entered into series 2013 Lease Certificates of Participation through their component unit, Mehlville R-IX School District Public Facilities Authority, dated December 17, 2013, with a final maturity of April 15, 2020. Principal is payable on April 15, and interest is payable on October 15 and April 15. Interest rates are variable from .900% to 2.200%. The proceeds of the Series 2013 Certificates plus other funds legally available to the District will be used for the purpose of (1) providing the District funds in an amount sufficient to refund all the Principal Component of the District's Certificate of Participation, Series 2004, maturing on March 1, 2015 through March 1, 2020, which will be prepaid on March 1, 2014 and (2) paying the costs of delivering the Series 2013 Certificates.

During the 2014 fiscal year, the District entered into series 2014A Lease Refunding Certificates of Participation through their component unit, Mehlville R-IX School District Public Facilities Authority, dated March 20, 2014, with a final maturity of April 15, 2021. Principal is payable on April 15, and interest is payable on October 15 and April 15. Interest rates are variable from .500% to 2.500%. The proceeds of the Series 2014A Certificates will be used for the purpose of (1) providing the District funds in an amount sufficient to refund a portion of the Principal Component of the District's Lease Refunding Certificates of Participation, Series 2010, maturing on April 15, 2019 through April 15, 2021, which will be prepaid on April 15, 2014, and (2) paying the costs of delivering the Series 2014A Certificates.

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

IV. CHANGES IN LONG-TERM DEBT (continued)

CAPITAL LEASES (continued)

During the 2014 fiscal year, the District entered into series 2014B Lease Refunding Certificates of Participation through their component unit, Mehlville R-IX School District Public Facilities Authority, dated April 8, 2014, with a final maturity of April 15, 2021. Principal is payable on April 15, and interest is payable on October 15 and April 15. Interest rates are variable from .500% to 2.400%. The proceeds of the Series 2014B Certificates will be used for the purpose of (1) providing the District funds in an amount sufficient to refund a portion of the Principal Component of the District's Lease Refunding Certificates of Participation, Series 2010, maturing on April 15, 2015 through April 15, 2019, and the Lease Refunding Certificates of Participation Series 2011, maturing on April 15, 2020, through April 15, 2021, which will be prepaid on April 15, 2014, and (2) paying the costs of delivering the Series 2014B Certificates.

During the 2014 fiscal year, the District entered into series 2014C Lease Refunding Certificates of Participation through their component unit, Mehlville R-IX School District Public Facilities Authority dated May 22, 2014, with a final maturity of April 15, 2020. Principal is payable on April 15, and interest is payable on October 15 and April 15. Interest rates are variable from 1.250% to 2.000%. The proceeds of the Series 2014C Certificates will be used for the purpose of (1) providing the District funds in an amount sufficient to refund all of the outstanding Principal Component of the District's Lease Refunding Certificates of Participation, Series 2011, maturing on April 15, 2015, through April 15, 2020, which will be prepaid on May 29, 2014, and (2) paying the costs of delivering the Series 2014C Certificates.

During the 2015 fiscal year, the District entered into series 2015 Lease Refunding Certificates of Participation through their component unit, Mehlville R-IX School District Public Facilities Authority dated May 21, 2015, with a final maturity of October 15, 2018. Principal is payable on April 15, and interest is payable on October 15 and April 15. Interest rates are variable from .750% to 1.300%. The proceeds of the Series 2014C Certificates will be used for the purpose of (1) providing the District funds in an amount sufficient to refund a \$9,830,000 portion of the outstanding Principal Component of the District's Lease Certificates of Participation Series 2005, maturing on September 1, 2016, and September 1, 2018, which will be prepaid on September 1, 2015, and (2) paying the costs of delivering the Series 2015 Certificates.

The following schedule shows the base rentals required to be paid by the District in each fiscal year in which the leases are in effect:

| FISCAL<br>YEAR ENDING JUNE 30, | PRINCIPAL        | INTEREST        | TOTAL            |
|--------------------------------|------------------|-----------------|------------------|
| 2016                           | \$ 7,121,142.20  | \$ 1,768,688.22 | \$ 8,889,830.42  |
| 2017                           | 7,440,228.20     | 1,231,579.70    | 8,671,807.90     |
| 2018                           | 8,185,000.00     | 1,137,723.75    | 9,322,723.75     |
| 2019                           | 12,420,000.00    | 1,007,140.00    | 13,427,140.00    |
| 2020                           | 9,405,000.00     | 816,160.00      | 10,221,160.00    |
| 2021-2025                      | 10,845,000.00    | 1,849,850.00    | 12,694,850.00    |
| 2026-2029                      | 3,175,000.00     | 577,585.00      | 3,752,585.00     |
| TOTAL                          | \$ 58,591,370.40 | \$ 8,388,726.67 | \$ 66,980,097.07 |

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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IV. CHANGES IN LONG-TERM DEBT (concluded)

CAPITAL LEASES (concluded)

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

OTHER DEBT

In fiscal year 2007, the District applied for a \$1,555,000 loan from SunTrust Leasing Corporation. This loan carries a simple annual interest rate of 4.24% and is to be paid back over a term of 10 years with the final payment due June 30, 2016. Interest on reimbursements of \$379,694.30 was added to the principal making the total promissory note \$1,934,694.30. Principal balance at June 30, 2015, is \$185,451.69.

On June 28, 2011, the District entered into a lease for copy machines in the amount of \$453,505.93 with De Lage Landen Public Finance LLC. The principal payments and interest are made monthly on the 28<sup>th</sup> with an interest rate of 4.27% for 60 months. At June 30, 2015, the remaining principal balance was \$98,599.02.

On July 15, 2013, the District entered into a lease purchase agreement with Tax-Exempt Leasing Corp. for 12 buses in the amount of \$791,480.62. The District also made a \$30,000 down payment. The principal and interest payments are made semi-annually on January 15 and July 15 with an interest rate of 1.79%. Payments mature on July 15, 2020.

The following schedule shows the base rentals required to be paid by the District in each fiscal year in which the leases are in effect:

| FISCAL<br>YEAR ENDING JUNE 30, | PRINCIPAL     | INTEREST     | TOTAL         |
|--------------------------------|---------------|--------------|---------------|
| 2016                           | \$ 387,021.79 | \$ 20,412.33 | \$ 407,434.12 |
| 2017                           | 104,822.51    | 8,246.15     | 113,068.66    |
| 2018                           | 106,707.23    | 6,361.43     | 113,068.66    |
| 2019                           | 108,625.84    | 4,442.82     | 113,068.66    |
| 2020                           | 110,578.94    | 2,489.72     | 113,068.66    |
| 2021                           | 56,032.83     | 501.50       | 56,534.33     |
| TOTAL                          | \$ 873,789.14 | \$ 42,453.95 | \$ 916,243.09 |

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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V. RETIREMENT PLAN

**Net Pension Liability**

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

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

*Benefits Provided.* PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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V. RETIREMENT PLAN (continued)

**General Information about the Pension Plan – PSRS (concluded)**

years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at [www.psrs-peers.org](http://www.psrs-peers.org). Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

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

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

The district's contributions to PSRS were \$7,585,936.24 for the year ended June 30, 2015.

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

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

*Benefits Provided.* PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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V. RETIREMENT PLAN (continued)

**General Information about the Pension Plan – PEERS (concluded)**

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

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

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

The District’s contributions to PEERS were \$1,083,314.81 for the year ended June 30, 2015.

**Pension Liabilities and Pension Expense - PSRS**

At June 30, 2015, the District has a liability of \$46,921,155 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2014, and determined by an actuarial valuation as of that date. The District’s proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$7,364,951 paid to PSRS for the year ended June 30, 2014, relative to the actual contributions of \$643,964,894 from all participating employers. At June 30, 2014, the District’s proportionate share was 1.1437%.

**Pension Liabilities and Pension Expense - PEERS**

At June 30, 2015, the District has a liability of \$3,847,388 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2014, and determined by an actuarial valuation as of that date. The District’s proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$1,054,006 paid to

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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V. RETIREMENT PLAN (continued)

**Pension Liabilities and Pension Expense – PEERS (concluded)**

PEERS for the year ended June 30, 2014, relative to the actual contributions of \$100,035,580 from all participating employers. At June 30, 2014, the District's proportionate share was 1.0536%.

**Actuarial Assumptions - PSRS**

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

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

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

**Changes in Actuarial Assumptions and Methods**

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

**Fiduciary Net Position**

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

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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V. RETIREMENT PLAN (continued)

**Actuarial Assumptions - PEERS**

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

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

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

**Changes in Actuarial Assumptions and Methods**

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

**Fiduciary Net Position**

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



MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

V. RETIREMENT PLAN (continued)

**Expected Rate of Return**

The long-term expected rate of return on PSRS and PEERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PSRS and PEERS' target allocation as of June 30, 2014, is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

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

- Discount Rate

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

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

V. RETIREMENT PLAN (continued)

- Discount Rate Sensitivity

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

| Discount Rate  | <u>1% Decrease (7.00%)</u> | <u>Current Rate (8.00%)</u> | <u>1% Increase (9.00%)</u> |
|--|----------------------------|-----------------------------|----------------------------|
| PSRS Proportionate share of the Net Pension Liability / (Asset)  | \$99,356,016               | \$46,921,155                | \$2,940,112                |
| PEERS Proportionate share of the Net Pension Liability / (Asset) | \$9,232,247                | \$3,847,388                 | \$(701,697)                |

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

| <u>Year Ended</u> | <u>Proportion of the Net Pension Liability (Asset)</u> | <u>Proportionate Share Of the Net Pension Liability (Asset)</u> | <u>Actual Covered Member Payroll</u> | <u>Net Pension Liability (Asset) As a Percentage Of Covered Payroll</u> | <u>Fiduciary Net Position as A Percentage of Total Pension Liability</u> |
|-------------------|--|---|--------------------------------------|---|--|
| 6/30/15           | 1.1437%  | \$46,921,155  | \$50,888,111                         | 92.20%  | 89.30%   |

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

| <u>Year Ended</u> | <u>Proportion of the Net Pension Liability (Asset)</u> | <u>Proportionate Share Of the Net Pension Liability (Asset)</u> | <u>Actual Covered Member Payroll</u> | <u>Net Pension Liability (Asset) As a Percentage Of Covered Payroll</u> | <u>Fiduciary Net Position as A Percentage of Total Pension Liability</u> |
|-------------------|--|---|--------------------------------------|---|--|
| 6/30/15           | 1.0536%  | \$3,847,388   | \$15,364,519                         | 25.00%  | 91.30%   |

**Schedule of Employer Contributions - PSRS**

| <u>Year Ended</u> | <u>Statutorily Required Contribution</u> | <u>Actual Employer Contributions</u> | <u>Contribution Excess/ (Deficiency)</u> | <u>Actual Covered Member Payroll</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
|-------------------|--|--------------------------------------|--|--------------------------------------|---|
| 6/30/13           | \$7,097,803                              | \$7,097,803                          | \$ -                                     | \$49,025,716                         | 14.48%  |
| 6/30/14           | 7,364,951                                | 7,364,951                            | -  | 50,888,111                           | 14.47%  |

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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V. RETIREMENT PLAN (concluded)

**Schedule of Employer Contributions - PEERS**

| Year Ended | Statutorily Required Contribution | Actual Employer Contributions | Contribution Excess/ (Deficiency) | Actual Covered Member Payroll | Contributions as a Percentage of Covered Payroll |
|------------|-----------------------------------|-------------------------------|-----------------------------------|-------------------------------|--|
| 6/30/13    | \$1,004,540                       | \$1,004,540                   | \$ -                              | \$14,643,429                  | 6.86%  |
| 6/30/14    | 1,054,006                         | 1,054,006                     | -                                 | 15,364,519                    | 6.86%  |

VI. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all district employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

In accordance with Internal Revenue Code Section 457, the deferred compensation is put in accounts under the participating employee's name. The plans are administered by independent plan administrators through administrative service agreements. The District's administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs investing functions. The assets will not be diverted to any other purpose. Therefore, the financial activity of these plans is no longer reported in the District's Agency Fund.

VII. EMPLOYEE BENEFIT PLAN

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

VIII. SELF-INSURED AND POST-RETIREMENT MEDICAL BENEFITS

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

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

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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IX. ST. LOUIS DESEGREGATION PROGRAM

The District was a party to, and bound by, the terms of the Settlement Agreement negotiated in 1983 regarding the St. Louis desegregation case. On October 1, 1991, the District filed a motion for final judgment notifying the court that it met the required plan ration in September 1991. On November 4, 1991, the District received a final judgment from the U.S. District Court stating that the District had satisfied its inter-district pupil desegregation obligations. The District remains under a voluntary obligation to comply with all terms of the new settlement agreement negotiated in 1999. The Voluntary Interdistrict Choice Corporation currently administers the St. Louis voluntary inter-district transfer plan. The District has approved a plan to reduce its desegregation student enrollment each year beginning with the 2005-2006 school year. Desegregation aid received for the year ended June 30, 2015, was approximately \$2,446,383.46.

X. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2015, are as follows:

| Fund                  | Transfers<br>In      | Transfers<br>Out     |
|-----------------------|----------------------|----------------------|
| General Fund          | \$ -                 | \$ 117,787.38        |
| Capital Projects Fund | 117,787.38           | -                    |
|                       | <u>\$ 117,787.38</u> | <u>\$ 117,787.38</u> |

XI. PARTICIPATION IN PUBLIC ENTITY RISK POOL – (MUSIC)

The District is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was unable to obtain general liability insurance at a cost it considered to be economically justifiable, and therefore, it joined together with approximately 475 other Missouri Public School Districts and Junior College Districts to form the Missouri United School Insurance Council (MUSIC). MUSIC is a public entity risk pool currently operating as a common risk management and insurance policies but pays an assessment to be a member of the self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. The calendar year 2015 assessment was \$1,132,252. The pooling agreement requires the pool to be self-sustaining. The District believes that it is not possible to estimate the range of contingent losses to be borne by the District.

XII. CONTINGENCIES

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

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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XII. CONTINGENCIES (concluded)

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

XIII. POST-EMPLOYMENT BENEFITS

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

The premiums are based on a single-blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand alone financial report is not available for the plan.

The District allows retirees to participate in medical, dental and vision benefits. During the year ended June 30, 2015, 120 retirees contributed to health insurance, 474 retirees contributed to dental insurance and 394 retirees contributed to vision benefits. Total contributions made by retirees for post-employment benefits for the fiscal year ended June 30, 2015, amounted to \$1,398,364.00.

XIV. TUITION RECEIVED

The District received money for tuition from Riverview Gardens School District for the year ended June 30, 2015, due to the loss of its accreditation. Riverview Gardens transported these children in and also had to pay the set tuition rate per child as established by the District. Tuition for the year ended June 30, 2015, was \$906,888.60.

XV. SUBSEQUENT EVENTS

There were no subsequent events to report as of the date of the audit report.

## **SUPPLEMENTARY INFORMATION**

**Mehlville R-IX School District  
Budgetary Comparison Schedule  
Modified Cash Basis - General Fund  
For the Year Ended June 30, 2015**

|  | Budgeted Amounts        |                         | Actual                  | Variances--                       |
|--|-------------------------|-------------------------|-------------------------|-----------------------------------|
|  | Working                 | Final                   |                         | Over(Under)<br>Final<br>to Actual |
| <b>Revenues</b>  |                         |                         |                         |                                   |
| Local Sources  | \$ 27,644,532.00        | \$ 27,859,490.58        | \$ 27,859,490.58        | \$ -                              |
| County Sources   | 489,326.00              | 524,564.17              | 524,564.17              | -                                 |
| State Sources  | 5,030,770.00            | 4,896,086.26            | 4,896,086.26            | -                                 |
| Federal Sources  | 2,758,150.00            | 2,861,148.22            | 2,861,148.22            | -                                 |
| <b>TOTAL REVENUES</b>                                      | <b>35,922,778.00</b>    | <b>36,141,289.23</b>    | <b>36,141,289.23</b>    | <b>-</b>                          |
| <b>Expenditures</b>  |                         |                         |                         |                                   |
| <b>Current</b>   |                         |                         |                         |                                   |
| Instruction  | 13,385,603.00           | 7,318,894.85            | 7,318,894.85            | -                                 |
| Attendance   | -                       | 62,710.13               | 62,710.13               | -                                 |
| Guidance   | 148,582.00              | 407,714.95              | 407,714.95              | -                                 |
| Health, Psych Speech & Audio                               | 12,734.00               | 1,142,671.44            | 1,142,671.44            | -                                 |
| Improvement of Instruction                                 | 288,180.00              | 587,154.89              | 587,154.89              | -                                 |
| Professional Development                                   | 122,014.00              | 106,535.24              | 106,535.24              | -                                 |
| Media Services   | 212,827.00              | 367,976.70              | 367,976.70              | -                                 |
| Board of Education Services                                | 736,270.00              | 745,094.69              | 745,094.69              | -                                 |
| Executive Administration                                   | 56,943.00               | 130,893.44              | 130,893.44              | -                                 |
| Building Level Administration                              | 100,499.00              | 1,858,935.42            | 1,858,935.42            | -                                 |
| Business Central Services                                  | 18,393,876.00           | 3,778,031.84            | 3,778,031.84            | -                                 |
| Operation of Plant   | 3,815,807.00            | 9,624,945.76            | 9,624,945.76            | -                                 |
| Security Services  | 355,000.00              | 556,214.32              | 556,214.32              | -                                 |
| Pupil Transportation                                       | 1,086,297.00            | 4,637,852.39            | 4,637,852.39            | -                                 |
| Food Service   | 1,943,154.00            | 3,561,267.63            | 3,561,267.63            | -                                 |
| Community Services   | 337,441.00              | 462,013.74              | 462,013.74              | -                                 |
| Capital Outlay   | -                       | -                       | -                       | -                                 |
| Debt Service:  |                         |                         |                         |                                   |
| Principal  | -                       | -                       | -                       | -                                 |
| Interest and Charges                                       | -                       | -                       | -                       | -                                 |
| <b>Total Expenditures</b>                                  | <b>40,995,227.00</b>    | <b>35,348,907.43</b>    | <b>35,348,907.43</b>    | <b>-</b>                          |
| <b>Revenues Over (Under)</b>                               |                         |                         |                         |                                   |
| <b>Expenditures</b>  | <b>(5,072,449.00)</b>   | <b>792,381.80</b>       | <b>792,381.80</b>       | <b>-</b>                          |
| <b>Other Financing Sources (Uses):</b>                     |                         |                         |                         |                                   |
| Transfers  | -                       | (117,787.38)            | (117,787.38)            | -                                 |
| Tuition from other Districts                               | 907,000.00              | 906,888.60              | 906,888.60              | -                                 |
| Area Voc Fees From Other LEAs                              | -                       | -                       | -                       | -                                 |
| Sale of Other Property                                     | -                       | -                       | -                       | -                                 |
| Refunding Bonds  | -                       | -                       | -                       | -                                 |
| Contracted Educational Services                            | 459,000.00              | 459,712.55              | 459,712.55              | -                                 |
| Transportation From Other LEA's for Non Disabled Route     | 10,028.00               | 74,225.15               | 74,225.15               | -                                 |
| Trans. Amounts from other LEA's for K-12 Disabled Students | 1,067,972.00            | 1,078,327.06            | 1,078,327.06            | -                                 |
| <b>Total Other Financing Sources (Uses)</b>                | <b>2,444,000.00</b>     | <b>2,401,365.98</b>     | <b>2,401,365.98</b>     | <b>-</b>                          |
| <b>NET CHANGE IN FUND BALANCE</b>                          | <b>(2,628,449.00)</b>   | <b>3,193,747.78</b>     | <b>3,193,747.78</b>     | <b>\$ -</b>                       |
| Fund Balance July 1, 2014                                  | 14,975,539.89           | 14,975,539.89           | 14,975,539.89           |                                   |
| <b>Fund Balance June 30, 2015</b>                          | <b>\$ 12,347,090.89</b> | <b>\$ 18,169,287.67</b> | <b>\$ 18,169,287.67</b> |                                   |

**Mehlville R-IX School District**  
**Budgetary Comparison Schedule**  
**Modified Cash Basis - Special Revenue Fund**  
**For the Year Ended June 30, 2015**

|  |  |                        |                        | Variances--            |                    |
|--|--|------------------------|------------------------|------------------------|--------------------|
|  |  |                        |                        | Over(Under)            |                    |
|  |  | Budgeted Amounts       |                        |                        |                    |
|  |  | Original               | Final                  | Actual                 | Final<br>to Actual |
| <b>Revenues</b>                        |  |                        |                        |                        |                    |
|  | Local Sources  | \$ 42,780,578.00       | \$ 42,764,303.03       | \$ 42,764,303.03       | \$ -               |
|  | County Sources   | 954,559.00             | 1,001,239.01           | 1,001,239.01           | -                  |
|  | State Sources  | 11,948,000.00          | 11,537,758.79          | 11,537,758.79          | -                  |
|  | Federal Sources  | 1,169,850.00           | 1,115,308.33           | 1,115,308.33           | -                  |
|  | <b>TOTAL REVENUES</b>                                      | <b>56,852,987.00</b>   | <b>56,418,609.16</b>   | <b>56,418,609.16</b>   | <b>-</b>           |
| <b>Expenditures</b>                    |  |                        |                        |                        |                    |
| <b>Current</b>                         |  |                        |                        |                        |                    |
|  | Instruction  | 8,686,299.00           | 51,655,197.83          | 51,655,197.83          | -                  |
|  | Attendance   | -                      | -                      | -                      | -                  |
|  | Guidance   | -                      | 2,431,210.18           | 2,431,210.18           | -                  |
|  | Health, Psych Speech & Audio                               | -                      | -                      | -                      | -                  |
|  | Improvement of Instruction                                 | 38,000.00              | 1,519,000.43           | 1,519,000.43           | -                  |
|  | Professional Development                                   | 50,500.00              | 20,838.32              | 20,838.32              | -                  |
|  | Media Services   | 47,637,500.00          | 1,342,829.06           | 1,342,829.06           | -                  |
|  | Board of Education Services                                | -                      | -                      | -                      | -                  |
|  | Executive Administration                                   | -                      | 240,266.65             | 240,266.65             | -                  |
|  | Building Level Administration                              | -                      | 3,859,741.78           | 3,859,741.78           | -                  |
|  | Business Central Services                                  | -                      | 124,488.46             | 124,488.46             | -                  |
|  | Operation of Plant   | -                      | -                      | -                      | -                  |
|  | Security Services  | -                      | -                      | -                      | -                  |
|  | Pupil Transportation                                       | -                      | -                      | -                      | -                  |
|  | Food Service   | -                      | -                      | -                      | -                  |
|  | Community Services   | -                      | 318,607.85             | 318,607.85             | -                  |
|  | Capital Outlay   | -                      | -                      | -                      | -                  |
|  | Debt Service:  |                        |                        |                        |                    |
|  | Principal  | -                      | -                      | -                      | -                  |
|  | Interest and Charges                                       | -                      | -                      | -                      | -                  |
|  | <b>Total Support Services</b>                              | <b>56,412,299.00</b>   | <b>61,512,180.56</b>   | <b>61,512,180.56</b>   | <b>-</b>           |
| <b>Revenues Over (Under)</b>           |  |                        |                        |                        |                    |
|  | <b>Expenditures</b>  | <b>440,688.00</b>      | <b>(5,093,571.40)</b>  | <b>(5,093,571.40)</b>  | <b>-</b>           |
| <b>Other Financing Sources (Uses):</b> |  |                        |                        |                        |                    |
|  | Transfers  | -                      | -                      | -                      | -                  |
|  | Tuition from other Districts                               | -                      | -                      | -                      | -                  |
|  | Area Voc Fees From Other LEAs                              | -                      | -                      | -                      | -                  |
|  | Sale of Other Property                                     | -                      | -                      | -                      | -                  |
|  | Refunding Bonds  | -                      | -                      | -                      | -                  |
|  | Contracted Educational Services                            | -                      | -                      | -                      | -                  |
|  | Transportation From Other LEA's for Non Disabled Route     | -                      | -                      | -                      | -                  |
|  | Trans. Amounts from other LEA's for K-12 Disabled Students | -                      | -                      | -                      | -                  |
|  | <b>Total Other Financing</b>                               |                        |                        |                        |                    |
|  | <b>Sources (Uses)</b>                                      | <b>-</b>               | <b>-</b>               | <b>-</b>               | <b>-</b>           |
| <b>NET CHANGE IN FUND BALANCE</b>      |  |                        |                        |                        |                    |
|  |  | 440,688.00             | (5,093,571.40)         | (5,093,571.40)         | \$ -               |
|  | Fund Balance July 1, 2014                                  | 8,629,358.03           | 8,629,358.03           | 8,629,358.03           |                    |
| <b>Fund Balance June 30, 2015</b>      |  | <b>\$ 9,070,046.03</b> | <b>\$ 3,535,786.63</b> | <b>\$ 3,535,786.63</b> |                    |



**Mehlville R-IX School District  
Budgetary Comparison Schedule  
Modified Cash Basis - Debt Service Fund  
For the Year Ended June 30, 2015**

|  | Budgeted Amounts     |                      | Actual               | Variances--                       |
|--|----------------------|----------------------|----------------------|-----------------------------------|
|  | Working              | Final                |                      | Over(Under)<br>Final<br>to Actual |
| <b>Revenues</b>  |                      |                      |                      |                                   |
| Local Sources  | \$ 520,862.00        | \$ 533,396.08        | \$ 533,396.08        | \$ -                              |
| County Sources   | 13,009.00            | 13,299.54            | 13,299.54            | -                                 |
| State Sources  | -                    | -                    | -                    | -                                 |
| Federal Sources  | -                    | -                    | -                    | -                                 |
| <b>TOTAL REVENUES</b>                                      | <b>533,871.00</b>    | <b>546,695.62</b>    | <b>546,695.62</b>    | <b>-</b>                          |
| <b>Expenditures</b>  |                      |                      |                      |                                   |
| <b>Current</b>   |                      |                      |                      |                                   |
| 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   | -                    | -                    | -                    | -                                 |
| Community Services   | -                    | -                    | -                    | -                                 |
| Capital Outlay   | -                    | -                    | -                    | -                                 |
| Debt Service:  |                      |                      |                      |                                   |
| Principal  | 515,000.00           | 515,000.00           | 515,000.00           | -                                 |
| Interest and Charges                                       | 74,959.00            | 72,201.50            | 72,201.50            | -                                 |
| <b>Total Expenditures</b>                                  | <b>589,959.00</b>    | <b>587,201.50</b>    | <b>587,201.50</b>    | <b>-</b>                          |
| <b>Revenues Over (Under)</b>                               |                      |                      |                      |                                   |
| <b>Expenditures</b>  | <b>(56,088.00)</b>   | <b>(40,505.88)</b>   | <b>(40,505.88)</b>   | <b>-</b>                          |
| <b>Other Financing Sources (Uses):</b>                     |                      |                      |                      |                                   |
| Transfers  | -                    | -                    | -                    | -                                 |
| Tuition from other Districts                               | -                    | -                    | -                    | -                                 |
| Area Voc Fees From Other LEAs                              | -                    | -                    | -                    | -                                 |
| Sale of Other Property                                     | -                    | -                    | -                    | -                                 |
| Refunding Bonds  | -                    | -                    | -                    | -                                 |
| Contracted Educational Services                            | -                    | -                    | -                    | -                                 |
| Transportation From Other LEA's for Non Disabled Route     | -                    | -                    | -                    | -                                 |
| Trans. Amounts from other LEA's for K-12 Disabled Students | -                    | -                    | -                    | -                                 |
| <b>Total Other Financing</b>                               |                      |                      |                      |                                   |
| <b>Sources (Uses)</b>                                      | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>                          |
| <b>NET CHANGE IN FUND BALANCE</b>                          | <b>(56,088.00)</b>   | <b>(40,505.88)</b>   | <b>(40,505.88)</b>   | <b>\$ -</b>                       |
| Fund Balance July 1, 2014                                  | 615,508.62           | 615,508.62           | 615,508.62           |                                   |
| <b>Fund Balance June 30, 2015</b>                          | <b>\$ 559,420.62</b> | <b>\$ 575,002.74</b> | <b>\$ 575,002.74</b> |                                   |

**Mehlville R-IX School District**  
**Budgetary Comparison Schedule**  
**Modified Cash Basis - Capital Projects Fund - Excluding Component Unit**  
**For the Year Ended June 30, 2015**

|  | <b>Budgeted Amounts</b> |                        | <b>Actual</b>          | <b>Variances--</b>         |
|--|-------------------------|------------------------|------------------------|----------------------------|
|  | <b>Working</b>          | <b>Final</b>           |                        | <b>Over(Under)</b>         |
|  |                         |                        |                        | <b>Final<br/>to Actual</b> |
| <b>Revenues</b>  |                         |                        |                        |                            |
| Local Sources  | \$ 8,582,028.00         | \$ 8,524,357.85        | \$ 8,524,357.85        | \$ -                       |
| County Sources   | 159,106.00              | 160,800.59             | 160,800.59             | -                          |
| State Sources  | 906,230.00              | 1,308,147.23           | 1,308,147.23           | -                          |
| Federal Sources  | -                       | -                      | -                      | -                          |
| <b>TOTAL REVENUES</b>                                      | <b>9,647,364.00</b>     | <b>9,993,305.67</b>    | <b>9,993,305.67</b>    | <b>-</b>                   |
| <b>Expenditures</b>  |                         |                        |                        |                            |
| <b>Current</b>   |                         |                        |                        |                            |
| Instruction  | 187,094.00              | 176,470.22             | 176,470.22             | -                          |
| Attendance   | -                       | -                      | -                      | -                          |
| Guidance   | -                       | -                      | -                      | -                          |
| Health, Psych Speech & Audio                               | -                       | -                      | -                      | -                          |
| Improvement of Instruction                                 | 25,998.00               | 25,986.22              | 25,986.22              | -                          |
| Professional Development                                   | -                       | -                      | -                      | -                          |
| Media Services   | -                       | -                      | -                      | -                          |
| Board of Education Services                                | -                       | -                      | -                      | -                          |
| Executive Administration                                   | -                       | -                      | -                      | -                          |
| Building Level Administration                              | -                       | -                      | -                      | -                          |
| Business Central Services                                  | 154,700.00              | 148,081.42             | 148,081.42             | -                          |
| Operation of Plant   | 320,908.00              | 313,083.15             | 313,083.15             | -                          |
| Security Services  | -                       | -                      | -                      | -                          |
| Pupil Transportation                                       | 551,000.00              | 548,732.36             | 548,732.36             | -                          |
| Food Service   | (47,000.00)             | 117,924.84             | 117,924.84             | -                          |
| Community Services   | -                       | -                      | -                      | -                          |
| Capital Outlay   | 711,974.00              | 725,223.64             | 725,223.64             | -                          |
| Debt Service:  |                         |                        |                        |                            |
| Principal  | 6,750,822.00            | 6,750,945.76           | 6,750,945.76           | -                          |
| Interest and Charges                                       | 1,928,019.00            | 1,910,545.99           | 1,910,545.99           | -                          |
| <b>Total Support Services</b>                              | <b>10,583,515.00</b>    | <b>10,716,993.60</b>   | <b>10,716,993.60</b>   | <b>-</b>                   |
| <b>Revenues Over (Under)</b>                               |                         |                        |                        |                            |
| <b>Expenditures</b>  | <b>(936,151.00)</b>     | <b>(723,687.93)</b>    | <b>(723,687.93)</b>    | <b>-</b>                   |
| <b>Other Financing Sources (Uses):</b>                     |                         |                        |                        |                            |
| Transfers  | -                       | 117,787.38             | 117,787.38             | -                          |
| Tuition from other Districts                               | -                       | -                      | -                      | -                          |
| Area Voc Fees From Other LEAs                              | -                       | -                      | -                      | -                          |
| Sale of Other Property                                     | 11,000.00               | 11,284.90              | 11,284.90              | -                          |
| Sale of School Buses                                       | -                       | -                      | -                      | -                          |
| Contracted Educational Services                            | -                       | -                      | -                      | -                          |
| Transportation From Other LEA's for Non Disabled Route     | -                       | -                      | -                      | -                          |
| Trans. Amounts from other LEA's for K-12 Disabled Students | -                       | -                      | -                      | -                          |
| <b>Total Other Financing Sources (Uses)</b>                | <b>11,000.00</b>        | <b>129,072.28</b>      | <b>129,072.28</b>      | <b>-</b>                   |
| <b>NET CHANGE IN FUND BALANCE</b>                          | <b>(925,151.00)</b>     | <b>(594,615.65)</b>    | <b>(594,615.65)</b>    | <b>\$ -</b>                |
| Fund Balance July 1, 2014                                  | 7,745,708.96            | 7,745,708.96           | 7,745,708.96           |                            |
| <b>Fund Balance June 30, 2015</b>                          | <b>\$ 6,820,557.96</b>  | <b>\$ 7,151,093.31</b> | <b>\$ 7,151,093.31</b> |                            |

**Mehlville R-IX School District**  
**Budgetary Comparison Schedule**  
**Modified Cash Basis - All Governmental Funds - Excluding Component Unit**  
**For the Year Ended June 30, 2015**

|  |  |  |  | Variances-- |  |
|--|--|--|--|-------------|--|
|  |  |  |  | Over(Under) |  |
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MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE BUDGETARY COMPARISON SCHEDULES  
YEAR ENDED JUNE 30, 2015

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

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund of the political subdivision.
- 2) Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- 4) On June 26, 2014, the budget was legally enacted by a vote of the Board of Education.
- 5) On May 21, 2015, the final budget was legally enacted by a vote of the Board of Education.
- 6) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the accompanying financial statements.

MEHLVILLE R-IX SCHOOL DISTRICT  
OTHER POST-EMPLOYMENT BENEFITS  
YEAR ENDED JUNE 30, 2015

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POST-EMPLOYMENT BENEFITS

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

The premiums are based on a single-blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand alone financial report is not available for the plan.

The District allows retirees to participate in medical, dental and vision benefits. During the year ended June 30, 2015, 120 retirees contributed to health insurance, 474 retirees contributed to dental insurance and 394 retirees contributed to vision benefits. Total contributions made by retirees for post-employment benefits for the fiscal year ended June 30, 2015, amounted to \$1,398,364.00.

**Mehlville R-IX School District**  
**Comparative Tax Levies, Tax Collection Rates and Enrollment**  
**For the Year Ended June 30, 2015**

**Tax Levies**

The following table shows the District's tax levies (per \$100 of assessed valuation) for each of the following fiscal years:

| Fiscal Year<br>Ending | Teacher's<br>Fund | Incidental<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Adjusted*<br>Tax Levy<br>Total |
|-----------------------|-------------------|--------------------|-----------------------------|-------------------------|--------------------------------|
| 2015                  | 2.0599            | 1.2200             | 0.4700                      | 0.0320                  | 3.7819                         |
| 2014                  | 2.0600            | 1.2000             | 0.4700                      | 0.0310                  | 3.7610                         |
| 2013                  | 2.0400            | 1.1661             | 0.4500                      | 0.0320                  | 3.6881                         |
| 2012                  | 2.0300            | 1.1606             | 0.4425                      | 0.0330                  | 3.6661                         |
| 2011                  | 1.9973            | 1.1089             | 0.4401                      | 0.0300                  | 3.5763                         |

\*Adjusted for revaluation

Source: Mehlville R-IX School District

**Tax Collection Rates**

The following table sets forth tax information for the District for each of the following fiscal years:

| Fiscal Year<br>Ending | Assessed<br>Valuation | Tax Levy<br>Per \$100 | Estimated<br>Total Tax | Current Taxes<br>Collected | % of Taxes<br>Collected | Delinquent<br>Taxes Collected | % of Total<br>Current & Delinquent<br>Taxes Collected |
|-----------------------|-----------------------|-----------------------|------------------------|----------------------------|-------------------------|-------------------------------|---|
| 2015                  | \$ 1,660,594,330      | 3.7819                | \$ 62,802,017          | \$ 60,890,233              | 96.96%                  | \$ 458,543                    | 97.69%  |
| 2014                  | 1,654,174,190         | 3.7610                | 62,213,491             | 60,477,570                 | 97.21%                  | 734,029                       | 98.39%  |
| 2013                  | 1,709,961,760         | 3.6881                | 63,065,100             | 61,290,808                 | 97.19%                  | 733,513                       | 98.35%  |
| 2012                  | 1,690,943,880         | 3.6661                | 61,991,694             | 60,321,818                 | 97.31%                  | 792,312                       | 98.58%  |
| 2011                  | 1,753,083,400         | 3.5763                | 62,695,522             | 60,948,396                 | 97.21%                  | 1,072,043                     | 98.92%  |

Source: Mehlville R-IX School District and St. Louis County Assessor's Office (assessed valuation).

**Enrollment**

Listed below are the District's enrollment figures for the current school year and the preceding four school years.

| School Year | Total  |
|-------------|--------|
| 2014-2015   | 10,433 |
| 2013-2014   | 10,670 |
| 2012-2013   | 10,595 |
| 2011-2012   | 10,634 |
| 2010-2011   | 10,571 |

Source: Mehlville R-IX School District

## **STATE COMPLIANCE SECTION**



# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Members of the  
Board of Education  
Mehlville R-IX School District

### Report on Compliance with State Requirements

We have examined management's assertions that the Mehlville R-IX School District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's records of average daily attendance and average daily transportation of pupils, and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2015.

### Management's Responsibility

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

### Auditors' Responsibility

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

### Opinion on Compliance with State Requirements

In our opinion, management's assertions that the Mehlville R-IX School District complied with the aforementioned requirements for the year ended June 30, 2015, are fairly stated, in all material respects.

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

*Daniel Jones & Associates*

DANIEL JONES & ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
November 4, 2015



MEHLVILLE R-IX SCHOOL DISTRICT  
SCHEDULE OF SELECTED STATISTICS  
DISTRICT NO. 096-094  
YEAR ENDED JUNE 30, 2015

I. CALENDAR (Sections 160.041 and 171.031, RSMo)

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

|                         |                 |       |        |             |                 |       |
|-------------------------|-----------------|-------|--------|-------------|-----------------|-------|
|                         |                 |       | Grades | <u>6-8</u>  | <u>1,075.99</u> | Hours |
| Kindergarten – Full Day | <u>1,072.55</u> | Hours | Grades | <u>6-8</u>  | <u>1,078.90</u> | Hours |
| Kindergarten – Full Day | <u>1,078.90</u> | Hours | Grades | <u>6-8</u>  | <u>1,082.38</u> | Hours |
| Grades 1-5              | <u>1,078.90</u> | Hours | Grades | <u>9-12</u> | <u>1,078.90</u> | Hours |
| Grades 1-5              | <u>1,072.55</u> | Hours | Grades | <u>9-12</u> | <u>1,073.09</u> | Hours |

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

|                         |            |      |        |             |            |      |
|-------------------------|------------|------|--------|-------------|------------|------|
| Kindergarten – A.M.     |            | Days | Grades | <u>1-5</u>  | <u>173</u> | Days |
| Kindergarten – P.M.     |            | Days | Grades | <u>1-5</u>  | <u>174</u> | Days |
| Kindergarten – Full Day | <u>173</u> | Days | Grades | <u>6-8</u>  | <u>174</u> | Days |
| Kindergarten – Full Day | <u>174</u> | Days | Grades | <u>9-12</u> | <u>174</u> | Days |

II. AVERAGE DAILY ATTENDANCE (ADA)

|  |  | <b>Full-Time &amp;</b> |                 |                 |                      |                   |                  |
|--|--|------------------------|-----------------|-----------------|----------------------|-------------------|------------------|
| <u>Regular Term</u>                              |  | <u>Part-Time</u>       | <u>Remedial</u> | <u>Deseg In</u> | <u>Federal Lands</u> | <u>Total</u>      | <u>Deseg Out</u> |
| Kindergarten – Full Day                          |  | <u>701.6251</u>        | <u>-</u>        | <u>11.1161</u>  | <u>-</u>             | <u>712.7412</u>   | <u>-</u>         |
| Grades 1-5                                       |  | <u>3,578.3244</u>      | <u>0.2495</u>   | <u>135.9077</u> | <u>-</u>             | <u>3,714.4816</u> | <u>-</u>         |
| Grades 6-8                                       |  | <u>2,139.7570</u>      | <u>2.1179</u>   | <u>90.6570</u>  | <u>-</u>             | <u>2,232.5319</u> | <u>-</u>         |
| Grades 9-12                                      |  | <u>2,914.5892</u>      | <u>-</u>        | <u>108.1354</u> | <u>-</u>             | <u>3,022.7246</u> | <u>-</u>         |
| <b>Subtotal Regular Term</b>                     |  | <u>9,334.2957</u>      | <u>2.3674</u>   | <u>345.8162</u> | <u>-</u>             | <u>9,682.4793</u> | <u>-</u>         |
|  |  |                        | Resident        | Deseg In        | Federal Lands        | Total             |                  |
| <b>Summer School Subtotal</b>                    |  |                        | <u>36.2519</u>  | <u>5.3398</u>   | <u>-</u>             | <u>41.5917</u>    |                  |
| <b>Total Regular Term Plus Summer School ADA</b> |  |                        |                 |                 |                      | <u>9,724.0710</u> | <u>-</u>         |

Notes: As of the report date, the St. Louis Public Schools is unable to provide desegregation out hours.

MEHLVILLE R-IX SCHOOL DISTRICT  
SCHEDULE OF SELECTED STATISTICS  
DISTRICT NO. 096-094  
YEAR ENDED JUNE 30, 2015

III. SEPTEMBER MEMBERSHIP

|   | <b>Full-Time<br/>&amp;<br/>Part-Time</b> | <b>Deseg In</b> | <b>Federal<br/>Lands</b> | <b>Total</b>     | <b>Deseg Out</b> |
|---|--|-----------------|--------------------------|------------------|------------------|
| <b>September Membership<br/>FTE Count</b> | <u>9,902.02</u>                          | <u>380.41</u>   | <u>-</u>                 | <u>10,282.43</u> | <u>28.00</u>     |

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

|                        | <b>Full-Time<br/>&amp;<br/>Part-Time</b> | <b>Deseg In</b> | <b>Total</b> |
|------------------------|--|-----------------|--------------|
| <b>State FTE Total</b> |  |                 |              |
| <b>Free</b>            | 1,994                                    | 309             | 2,303        |
| <b>Reduced</b>         | <u>531</u>                               | <u>24</u>       | <u>555</u>   |
| <b>Total</b>           | <u>2,525</u>                             | <u>333</u>      | <u>2,858</u> |

V. FINANCE

|    |   |                  |
|----|---|------------------|
| A. | As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of .....    | <u>\$ 50,000</u> |
| B. | The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.....             | <u>TRUE</u>      |
| C. | The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo..... | <u>TRUE</u>      |
| D. | Salaries reported for educators in the October Core Data Cycle are supported by payroll/contract records.....           | <u>TRUE</u>      |

MEHLVILLE R-IX SCHOOL DISTRICT  
SCHEDULE OF SELECTED STATISTICS  
DISTRICT NO. 096-094  
YEAR ENDED JUNE 30, 2015

V. FINANCE (Concluded)

|    |   |              |
|----|---|--------------|
| 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..... | N/A          |
| F. | The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo .....  | TRUE         |
| G. | The District has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditures of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment.....                      | TRUE         |
| H. | The amount spent for approved professional development committee plan activities was:.....  | \$127,373.56 |

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 maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.....  | TRUE                     |
| C. | Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was: <ul style="list-style-type: none"> <li>Eligible ADT.....</li> <li>Ineligible ADT .....</li> </ul> | # 7,289.50<br># 1,099.00 |
| D. | The District's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.....  | TRUE                     |

MEHLVILLE R-IX SCHOOL DISTRICT  
SCHEDULE OF SELECTED STATISTICS  
DISTRICT NO. 096-094  
YEAR ENDED JUNE 30, 2015

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

|    |   |                  |
|----|---|------------------|
| E. | Actual odometer records show the total District-operated <u>and</u><br>contracted mileage for the year was:.....  | <u># 782,291</u> |
|    | Of this total, the eligible non-disabled and students with<br>disabilities route miles and the ineligible non-route <u>and</u><br>disapproved miles (combined) was: |                  |
|    | • Eligible Miles.....   | <u># 717,524</u> |
|    | • Ineligible Miles (Non-Route/Disapproved).....   | <u># 64,767</u>  |
| F. | Number of days the District operated the school transportation<br>system during the regular school year:.....   | <u>174</u>       |

MEHLVILLE R-IX SCHOOL DISTRICT  
SCHEDULE OF STATE FINDINGS  
YEAR ENDED JUNE 30, 2015

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**I. Chapter 67 RSMO (Budget Statute)**

Chapter 67 RSMo requires that each political subdivision of the State of Missouri adopts 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

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

CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Members of the Board of Education  
Mehlville R-IX School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the blended component unit, each major fund and the remaining fund information of Mehlville R-IX School District ("District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 2015.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

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

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

*Daniel Jones & Associates*

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

November 4, 2015





# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education  
Mehlville R-IX School District

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

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

## Report on Internal Control Over Compliance

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

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

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

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

*Daniel Jones & Associates*

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

November 4, 2015

**Mehlville R-IX School District**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2015**

| Federal Grantor/Pass-Through Grantor Program Title   | Federal<br>CFDA<br>Number | Pass-Through<br>Entity<br>Number | Expenditures           |
|--|---------------------------|----------------------------------|------------------------|
| <u><b>Cash Federal Expenditures</b></u>  |                           |                                  |                        |
| <b>U.S. Department of Health and Human Services:</b>   |                           |                                  |                        |
| Refugee Children   | 93.576                    | 096-094                          | \$ 83,907.63           |
| Cooperative Agreements to Promote Adolescent Health<br>through School-Based HIV/STD Prevention and School-<br>Based Surveillance | 93.079                    | 096-094                          | 2,000.00               |
| Total U.S. Department of Health and Human Services   |                           |                                  | 85,907.63              |
| <b>U.S. Department of Education:</b>   |                           |                                  |                        |
| Special Education  |                           |                                  |                        |
| <i>Passed through Missouri Department of<br/>Elementary and Secondary Education:</i>   |                           |                                  |                        |
| Early Childhood Special Education  | 84.027A                   | 096-094                          | 348,988.00             |
| Early Childhood Special Education  | 84.137A                   | 096-094                          | 172,381.79             |
| Total Special Education  |                           |                                  | 521,369.79             |
| Title I  |                           |                                  |                        |
| Title I, Part A of ESEA  | 84.010A                   | 096-094                          | 1,229,779.19           |
| Total Title I Cluster  |                           |                                  | 1,229,779.19           |
| Title III Cluster:   |                           |                                  |                        |
| Title III  | 84.365A                   | 096-094                          | 144,136.15             |
| Total Title III Cluster  |                           |                                  | 144,136.15             |
| Title II   |                           |                                  |                        |
| Title II, A, ESEA - Teacher & Principal Quality  | 84.367A                   | 096-094                          | 292,432.78             |
| Total Title II   |                           |                                  | 292,432.78             |
| Vocational Perkins Grant   | 84.048A                   | 096-094                          | 119,478.00             |
| Total U.S. Department of Education   |                           |                                  | 2,307,195.91           |
| <b>U.S. Department of Agriculture:</b>   |                           |                                  |                        |
| <i>Passed through Missouri Department of<br/>Elementary and Secondary Education:</i>   |                           |                                  |                        |
| National School Lunch Cluster:   |                           |                                  |                        |
| National School Lunch Program  | 10.555                    | 096-094                          | 1,276,380.58           |
| School Breakfast Program   | 10.553                    | 096-094                          | 260,925.59             |
| Non - Cash Proceeds  |                           |                                  |                        |
| Food Distribution - Commodities  | 10.555                    | 096-094                          | 248,094.82             |
| Total U.S. Department of Agriculture   |                           |                                  | 1,785,400.99           |
| Total Federal Expenditures   |                           |                                  | <u>\$ 4,178,504.53</u> |

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

MEHLVILLE R-IX SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

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**NOTE 1 - GENERAL**

The accompanying Schedule of Expenditures of Federal Awards 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. This Schedule includes all federal awards administered by Mehlville R-IX 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 non-cash awards.

**NOTE 3 – BASIS OF ACCOUNTING**

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

**NOTE 4 - RELATIONSHIP TO ACCOMPANYING FINANCIAL STATEMENTS**

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

**FEDERAL SOURCES**

|                      |                        |
|----------------------|------------------------|
| General Fund         | \$ 2,861,148.22        |
| Special Revenue Fund | <u>1,115,308.33</u>    |
|                      | <u>\$ 3,976,456.55</u> |

**NOTE 5 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

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

**NOTE 6 -MATCHING REVENUES**

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

**NOTE 7 – NON-CASH PROGRAMS**

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

**NOTE 8 - SUBRECIPIENTS**

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

MEHLVILLE R-IX SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

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

**A. Financial Statements**

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

**B. Federal Awards**

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

|                  |                                     |
|------------------|-------------------------------------|
| CFDA Number(s):  | Name of Federal Program or Cluster: |
| 84.027A, 84.137A | Early Childhood Special Education   |
| 84.010A          | Title I                             |
5. Dollar threshold used to distinguish between type A and type B programs: \$ 300,000
6. Auditee qualified as low-risk auditee? ☒ Yes ☐ No

MEHLVILLE R-IX SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

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**II. FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings to report as of June 30, 2015.

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

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

MEHLVILLE R-IX SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

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I. FINANCIAL STATEMENT FINDINGS – PRIOR YEAR

There were no financial statement findings for the year ended June 30, 2014.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – PRIOR YEAR

There were no findings and questioned costs related to federal awards for the year ended June 30, 2014.

## **COMPONENT UNIT STATEMENT**



**Mehlville R-IX School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Capital Projects Funds - Modified Cash Basis**  
**For the Year Ended June 30, 2015**

|  | <b>School<br/>District</b> | <b>Public<br/>Facilities<br/>Authority</b> | <b>Component Unit<br/>Elimination<br/>Adjustments*</b> | <b>Totals</b>           |
|--|----------------------------|--|--|-------------------------|
| <b>Revenues</b>                                  |                            |  |  |                         |
| Local Sources                                    | \$ 8,524,357.85            | \$ -                                       | \$ -   | \$ 8,524,357.85         |
| County Sources                                   | 160,800.59                 | -  | -  | 160,800.59              |
| State Sources                                    | 1,308,147.23               | -  | -  | 1,308,147.23            |
| Federal Sources                                  | -                          | -  | -  | -                       |
| Other - District Payments                        | -                          | 8,199,241.10                               | (8,199,241.10)   | -                       |
| <b>TOTAL REVENUES</b>                            | <b>9,993,305.67</b>        | <b>8,199,241.10</b>                        | <b>(8,199,241.10)</b>                                  | <b>9,993,305.67</b>     |
| <b>Expenditures</b>                              |                            |  |  |                         |
| <b>Current</b>                                   |                            |  |  |                         |
| Instruction                                      | 176,470.22                 | -  | -  | 176,470.22              |
| Attendance                                       | -                          | -  | -  | -                       |
| Guidance   | -                          | -  | -  | -                       |
| Health, Psych Speech & Audio                     | -                          | -  | -  | -                       |
| Improvement of Instruction                       | 25,986.22                  | -  | -  | 25,986.22               |
| Professional Development                         | -                          | -  | -  | -                       |
| Media Services                                   | -                          | -  | -  | -                       |
| Board of Education Services                      | -                          | -  | -  | -                       |
| Executive Administration                         | -                          | -  | -  | -                       |
| Building Level Administration                    | -                          | -  | -  | -                       |
| Business Central Services                        | 148,081.42                 | -  | -  | 148,081.42              |
| Operation of Plant                               | 313,083.15                 | -  | -  | 313,083.15              |
| Security Services                                | -                          | -  | -  | -                       |
| Pupil Transportation                             | 548,732.36                 | -  | -  | 548,732.36              |
| Food Service                                     | 117,924.84                 | -  | -  | 117,924.84              |
| Community Services                               | -                          | -  | -  | -                       |
| Lease Payments (P+I)                             | 8,199,241.10               | -  | (8,199,241.10)   | -                       |
| Capital Outlay                                   | 725,223.64                 | 45,926.57                                  | -  | 771,150.21              |
| Debt Service:                                    |                            |  |  |                         |
| Principal  | 395,945.76                 | 6,355,000.00                               | -  | 6,750,945.76            |
| Interest and Charges                             | 54,284.89                  | 1,864,659.28                               | -  | 1,918,944.17            |
| <b>Total Support Services</b>                    | <b>10,704,973.60</b>       | <b>8,265,585.85</b>                        | <b>(8,199,241.10)</b>                                  | <b>10,771,318.35</b>    |
| <b>Revenues Over (Under)</b>                     |                            |  |  |                         |
| <b>Expenditures</b>                              | <b>(711,667.93)</b>        | <b>(66,344.75)</b>                         | <b>-</b>   | <b>(778,012.68)</b>     |
| <b>Other Financing Sources (Uses):</b>           |                            |  |  |                         |
| Transfers  | 117,787.38                 | -  | -  | 117,787.38              |
| Sale of Property                                 | 11,284.90                  | -  | -  | 11,284.90               |
| Cost of Issuance                                 | (12,020.00)                | (166,031.96)                               | -  | (178,051.96)            |
| COP'S issued ( 2015)                             | -                          | 10,000,000.00                              | -  | 10,000,000.00           |
| Debt Retired from Refinancing (2004, 2010, 2011) | -                          | -  | -  | -                       |
| Interest on Investments                          | -                          | 109.78                                     | -  | 109.78                  |
| <b>Total Other Financing<br/>Sources (Uses)</b>  | <b>117,052.28</b>          | <b>9,834,077.82</b>                        | <b>-</b>   | <b>9,951,130.10</b>     |
| <b>NET CHANGE IN FUND BALANCES</b>               | <b>(594,615.65)</b>        | <b>9,767,733.07</b>                        | <b>-</b>   | <b>9,173,117.42</b>     |
| Fund Balances July 1, 2014                       | 7,745,708.96               | 484,059.10                                 |  | 8,229,768.06            |
| <b>Fund Balances June 30, 2015</b>               | <b>\$ 7,151,093.31</b>     | <b>\$ 10,251,792.17</b>                    |  | <b>\$ 17,402,885.48</b> |

\*The component unit is presented as blended in the financial statements per GASBS No. 61.

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