

MEHLVILLE R-IX SCHOOL DISTRICT
ST. LOUIS COUNTY, MISSOURI
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2016

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

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 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, 2016, 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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 October 31, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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

October 31, 2016

MEHLVILLE R-IX SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

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, 2016, and provides a comparison to the previous fiscal year ended June 30, 2015. 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, 2016
(UNAUDITED)

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, 2016, and for comparison the net position of the fiscal year ended June 30, 2015:

Table 1
Net Position

	2015-16 Governmental Activities	2014-15 Governmental Activities
Assets		
Cash and Cash Equivalents	\$ 34,634,934	\$ 31,900,747
Investments	5,222,068	1,062,370
Escrow Deposits for Debt Service	306,166	300,955
Escrow Deposits for Component Unit	417,354	10,251,792
Total Assets	<u>\$ 40,580,522</u>	<u>\$ 43,515,864</u>

MEHLVILLE R-IX SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Net Position

Restricted for:

Debt Service Fund	\$ 659,476	\$ 575,003
Capital Projects	8,700,335	7,151,093
Future Claims	6,409,105	3,832,902
Component Unit	417,354	10,251,792
Unrestricted	24,394,252	21,705,074
Total Net Position	<u>\$ 40,580,522</u>	<u>\$ 43,515,864</u>

The School District's total net position at June 30, 2016, was \$40.6M which represents cash and investments. Total net position decreased from the prior year by \$2.9M. The overall decrease was primarily a result of decreased 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 did not occur until September 2015. This decrease was partially offset by three other increases below.

First, future claims increased \$2.6M due to increasing insurance fund reserves.

Second, unrestricted net assets, (the part of net assets that can be used to finance day-to-day activities without constraints), were \$24.4M and increased \$2.7M from the prior year due to operating gains.

Finally, capital project funds, which pay for items such as building renovations, lease payments, equipment and vehicles, had a balance of \$8.7M and increased \$1.5M from prior year since most capital projects were deferred in FY2016. It should be noted FY2017 will be the last year of making general obligation bond payments and the debt service fund will be zero.

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

Table 2
Changes in Net Position- District Activities

	2015-16 Governmental Activities	2014-15 Governmental Activities
Revenues		
Operating Grants and Contributions:		
Instruction & Instructional Improvement	\$ 16,086,393	\$ 15,238,198
Transportation	823,938	972,774
Food Service	1,597,479	1,567,202
Charges for Services:		
Instruction	3,660,114	3,854,877
Food Service	2,055,116	2,025,651
Student Transportation	1,114,084	1,160,971
Student Activities	2,055,739	2,022,760
Other	527,489	560,967
General Revenues:		
Taxes Levied for General Purposes	18,867,545	21,234,185
Taxes Levied for Special Fund	45,366,542	42,543,401

MEHLVILLE R-IX SCHOOL DISTRICT
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Taxes Levied for Debt Service Fund	669,416	533,094
Taxes Levied for Capital Project Fund	8,744,626	7,831,308
Federal, State and County – Unrestricted	5,449,179	5,447,977
Investment Income	80,616	35,128
Net Proceeds from COP Issues	(9,840,891)	9,821,948
Other	588,395	608,245
Total Revenues	97,845,780	115,458,686
Expenses		
Instruction	54,219,142	58,574,152
Support Services		
Attendance	61,428	62,099
Guidance	2,770,387	2,811,260
Health, Psych, Speech, Audio	986,015	1,131,536
Improvement of Instruction	1,853,859	2,111,364
Professional Development	122,905	126,132
Media Services	1,540,053	1,694,134
Board of Education Services	736,407	737,834
Executive Administration	403,739	367,543
Building Level Administration	5,453,383	5,662,950
Business, Fiscal, Internal Svc.	4,480,663	4,011,129
Operation of Plant	9,237,210	9,841,185
Security Services	551,842	550,794
Pupil Transportation	4,464,710	5,136,042
Food Service	3,428,468	3,643,339
Community Services	748,907	773,015
Facilities Acq & Construction	257,085	771,150
Principal	7,827,909	7,265,946
Interest & Fiscal Charges	1,637,011	1,991,146
TOTAL EXPENSES	100,781,123	107,262,750
Increase in Net Position	\$ (2,935,343)	\$ 8,195,936

Governmental Activities

Revenues for the School District's governmental activities for FY16 were \$97.8M compared to \$115.5M in FY15. This decrease of \$17.7M is explained below.

The Component Unit fund decreased \$19.7M 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 did not occur until September 2015. Thus FY15 revenue was \$9.8M higher than normal, and FY16 revenue was \$9.8M lower than normal for a combined variance of \$19.7M.

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 \$700K from the prior year.

MEHLVILLE R-IX SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 \$200K primarily due to \$262K less Riverview student fees, while VICC and SCOPE revenue increased slightly.

Taxes collected for the four major funds increased \$1.5M in aggregate from the prior year, primarily due to local taxes increasing \$842K, an increase of 1.4% resulting from assessed values increasing 1.8% which increased the tax levy 1.1%, and a 97.23% collection rate. The three year average collection rate is 97.13%. Furthermore, delinquent taxes increased \$490K and sales tax increased \$171K. 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. Revenues are comprised of county fines and state assessed utilities, basic formula/classroom trust, and Medicaid. These funds remained the same as last year.

Investment Income in FY16 increased \$45K due to more cash available for investing. The District currently receives .24% on excess cash due to restrictions on the type of investments allowed. A minimum balance of \$9.5M is required to avoid service fees. Average district operations cash available for investing was \$23.5M.

Revenue by category and by year was received as follows: 18% in 2016 and 15% in 2015 from Operating Grants and Contributions, 10% in 2016 and 8% in 2015 for Charges for Services, 75% in 2016 and 63% in 2015 from Taxes Levied, 6% in 2016 and 5% in 2015 for Federal, State and County Unrestricted, and (10%) in 2016 and 9% in 2015 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 a \$19.7M variance for refinancing the 2005 Series Certificate of Participation.

Expenses for the School District's governmental activities for FY16 were \$100.8M compared to \$107.3M for FY15. The net decrease is increase is \$6.5M, or 6.0%. Further information is given below.

Due to district cost reductions, school expenses were down \$4.8M, or 4.4%. Salaries decreased \$2.5M, or 4.0%, due to reduced staff, and likewise, benefits reduced \$.7M, or 3.7%. Purchased services and supplies decreased almost \$.7M, or 4.5%. Capital expense decreased \$1.2M, or 57% due to deferring many capital projects to a future year. Key projects included buying two service trucks and a van, fire alarm updates, district-wide asphalt/concrete maintenance, and HVAC repairs. 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 was up \$200K and the Public Facility Authority expense was down about \$50K, thus the overall variance to the governmental unit increased \$150K.

MEHLVILLE R-IX SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Expenses by program as defined by Missouri Department of Elementary and Secondary Education and by year were as follows: Instruction comprised 52% in 2016 and 53% in 2015, Support Services comprised 39% in 2016 and 38% in 2015, Facilities Acquisition and Construction comprised 0% in 2016 and 1% in 2015, and Principal, Interest and Other Fees amounted to 9% in 2016 and 9% in 2015.

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 FY16 and for comparison FY15. That is, it identifies the cost of these services supported by tax revenue and other revenues.

Table 3
Governmental Activities

Functions/Programs	2015-16		2014-15	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 54,219,142	\$ 32,859,597	\$ 58,574,152	\$ 37,857,612
Support Services				
Attendance	61,428	61,428	62,099	62,099
Guidance	2,770,387	2,770,387	2,811,260	2,811,260
Hlth, Psych, Spch, Audio	986,015	986,015	1,131,536	1,131,536
Improvement of Instruction	1,853,859	1,411,156	2,111,364	1,712,067
Professional Development	122,905	122,905	126,132	126,132
Media Services	1,540,053	1,540,053	1,694,134	1,694,134
Board of Education Svc.	736,407	736,407	737,834	737,834
Executive Administration	403,739	403,739	367,543	367,543
Building Level Admin	5,453,383	5,453,383	5,662,950	5,662,950
Bus, Fiscal, Internal Svc.	4,480,663	4,480,663	4,011,129	4,011,129
Operation of Plant	9,237,210	9,237,210	9,841,185	9,841,185
Security Services	551,842	551,842	550,794	550,794
Pupil Transportation	4,464,710	2,526,689	5,136,042	3,002,298
Food Service	3,428,468	(224,126)	3,643,339	50,487
Community Services	748,907	221,418	773,015	212,048
Facilities Acq. & Const.	257,085	257,085	771,150	771,150
Principal	7,827,909	7,827,909	7,265,946	7,265,946
Interest & Fiscal Charges	1,637,011	1,637,011	1,991,146	1,991,146
Total Expenses	\$100,781,123	\$ 72,860,771	\$107,262,750	\$ 79,859,350

MEHLVILLE R-IX SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

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.

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' salaries 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 \$97.8M for FY16 as compared to \$115.5M in FY15. The decrease between years is summarized above.

All governmental fund expenditures for FY16 were \$100.8M as compared to \$107.3M in FY15. The decrease between years is summarized above.

MEHLVILLE R-IX SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

The net change in fund balances for the year was a decrease of \$2.9M.

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 \$28K from the General Fund into the Capital Projects Fund to allow for the remodeling of food service facilities. The FY16 transfer is \$26K.

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 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, 2016, the District had \$585K in general obligation bonds, with maturities through 2017.

During FY15, the District was in the 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. In FY16 on September 1, 2015, the District used 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 were reduced \$9.8M in FY16 when this refunding was executed.

The School District has \$51.5M in lease certificates of participation outstanding at June 30, 2016, with payments due through 2029. Principal of \$6.9M, in addition to the \$9.8M mentioned above, and interest of \$1.5M were paid during FY16.

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 \$96K in principal and \$8K in interest in FY16. The outstanding balance at June 30, 2016, is \$100K and will be paid off in FY17.

The School District had two Department of Natural Resources (DNR) energy loans. The outstanding amount of the first DNR loan at June 30, 2016, is \$21K with payments due through 2019 and the second DNR loan has a balance of \$135K with payments due through 2021. Principal of \$33K and interest of \$7K were paid for both loans during FY16.

MEHLVILLE R-IX SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

The District entered into a lease purchase agreement for copiers in June of 2011. The amount of the lease is \$453,506 and was paid over five years. Principal of \$99K and interest of \$2K were paid during 2016, which paid off the lease. The District entered into a new five year lease purchase agreement at the end of June 2016 for \$543,245. No payments were made in FY16.

The District had an outstanding turf lease in the amount of \$185K at June 30, 2015, with payments due through 2016. Principal of \$185K and interest of \$8K were paid during FY16 to pay off the lease.

Lastly, the District entered into a seven year lease purchase agreement for buses in July 2013. The amount of the lease was \$770,795 and is paid through July 2020. The outstanding amount at June 30, 2016 is \$487K. Principal of \$103K and interest of \$10K were paid during FY16.

Table 5 summarizes the outstanding debt.

General Obligation Bonds	\$ 585,000
Lease Certificates of Participation	51,530,000
Capital Leases	1,130,240
DNR Energy Loans - Combined	156,705
	<u>\$ 53,401,945</u>

At June 30, 2016, the School District's overall legal debt margin was approximately \$254M. 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 .2% of the maximum allowable amount. The School District could issue an additional \$253M 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.

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 for 2015 and the fund balance increased to \$4.3M. The balance as of 8/31/2016 is \$5.6M. The self-insurance program is now well funded.

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 last Board of Education approved plan is to maintain current enrollment levels.

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

MEHLVILLE R-IX SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

accredited school on behalf of that student. Beginning FY14, Riverview Gardens' students enrolled at Mehlville with a tuition rate of \$7,927 per student based on specific guidelines from the Department of Elementary and Secondary Education. Tuition is based on hours attended. Mehlville has not changed the tuition rate. Revenue from this program is \$1,245K in FY14, \$907K in FY15, \$645K in FY16, and FY17 is budgeted for \$479K. It is believed revenue will eventually be zero.

Finally, the District budget for FY17 shows an operating gain of \$1.3M and a non-operating gain of \$138K (capital and debt). Cash reserves at June 30, 2016, are 25.0% so the District has an adequate cash position that avoids the need for short-term borrowing. The District passed a 49 cent Prop R tax levy in November 2015 with over 72% voter approval, and in April 2016 a Prop A 4 cent transfer from the debt service fund to the capital fund was passed with 64% voter approval. Prop R will generate over \$8.M of revenue and help to restore the budget cuts made in FY16. Prop A will generate \$660K in revenue and will be used entirely for roofing and HVAC capital needs.

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, 2016

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Cash and cash equivalents (Note II)	\$ 24,394,251.91
Investments	-
Restricted Assets:	
Cash and cash equivalents (Note II)	8,530,246.21
Investments	523,399.36
Investments in Escrow	306,165.50
Component Unit Escrow Deposits	417,353.73
Self Insurance Cash	1,464,563.67
Self Insurance Investments	4,944,541.66
	<hr/>
Total Assets	<u><u>\$ 40,580,522.04</u></u>
 Net Position	
Restricted:	
Debt Service	\$ 659,475.87
Component Unit Escrow Deposits	
For Future Claims	6,409,105.33
Capital Projects Fund	
Total Restricted	<hr/> 7,068,581.20
Unrestricted	\$ 33,511,940.84
	<hr/>
Total Unrestricted	<u><u>33,511,940.84</u></u>
Total Net Position	<u><u>\$ 40,580,522.04</u></u>

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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 52,244,466.96	\$ 3,660,114.48	\$ 15,628,619.56	\$ 15,069.86	\$ (32,940,663.06)
Attendance	61,428.31	-	-	-	(61,428.31)
Guidance	2,770,387.19	-	-	-	(2,770,387.19)
Health, Psych Speech and Audio	986,014.53	-	-	-	(986,014.53)
Improvement of Instruction	1,853,858.66	-	442,702.88	-	(1,411,155.78)
Professional Development	122,905.57	-	-	-	(122,905.57)
Media Services (Library)	1,540,052.87	-	-	-	(1,540,052.87)
Board of Education Services	736,406.61	-	-	-	(736,406.61)
Executive Administration	403,738.73	-	-	-	(403,738.73)
Building Level Administration	5,453,383.28	-	-	-	(5,453,383.28)
Business Central Service	4,480,663.17	-	-	-	(4,480,663.17)
Operation of Plant	9,237,209.54	-	-	-	(9,237,209.54)
Security Services	551,842.09	-	-	-	(551,842.09)
Pupil Transportation	4,464,710.47	1,114,083.93	823,938.00	-	(2,526,688.54)
Food Services	3,428,468.44	2,055,115.47	1,597,479.02	-	224,126.05
Student Activities	1,974,673.62	2,055,739.22	-	-	81,065.60
Community Services	748,906.99	527,489.37	-	-	(221,417.62)
Capital Outlay	257,084.97	-	-	-	(257,084.97)
Debt Service:					
Principal Retirement	7,827,909.11	-	-	-	(7,827,909.11)
Interest and Fiscal Charges	1,637,011.40	-	-	-	(1,637,011.40)
					-
Total Governmental Activities	<u>\$ 100,781,122.52</u>	<u>\$ 9,412,542.47</u>	<u>\$ 18,492,739.46</u>	<u>\$ 15,069.86</u>	<u>(72,860,770.73)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					18,867,544.71
Property taxes, levied for special revenue					45,366,541.89
Property taxes, levied for debt service					669,415.72
Property taxes, levied for capital projects					8,744,626.31
Federal, State and County aid not restricted to specific purposes					5,449,178.70
Interest and investment earnings					80,616.61
Net Proceeds from COP'S issued(2013, 2014A, 2014B, 2014C)					(9,840,890.50)
Miscellaneous					588,394.72
Subtotal, general revenues					<u>69,925,428.16</u>
Changes in Net Position					(2,935,342.57)
Net Position July 1, 2015					<u>43,515,864.61</u>
Net Position June 30, 2016					<u>\$ 40,580,522.04</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, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents (Note II)	\$ 19,965,401.96	\$ 4,428,849.95	\$ -	\$ -	\$ 24,394,251.91
Investments	-	-	-	-	-
Restricted Assets:					
Cash and Cash Equivalents (Note II)	-	-	353,310.37	8,176,935.84	8,530,246.21
Investments	-	-	-	523,399.36	523,399.36
Investments in Escrow	-	-	306,165.50	-	306,165.50
Component Unit Escrow Deposits	-	-	-	417,353.73	417,353.73
Total Assets:	<u>\$ 19,965,401.96</u>	<u>\$ 4,428,849.95</u>	<u>\$ 659,475.87</u>	<u>\$ 9,117,688.93</u>	<u>\$ 34,171,416.71</u>
LIABILITIES AND FUND BALANCES					
Fund Balances:					
Restricted for:					
Debt Service	-	-	659,475.87	-	659,475.87
Assigned to:					
Special Revenue Fund	-	4,428,849.95	-	-	4,428,849.95
Capital Projects Fund	-	-	-	9,117,688.93	9,117,688.93
Unassigned	19,965,401.96	-	-	-	19,965,401.96
Total Fund Balances:	<u>\$ 19,965,401.96</u>	<u>\$ 4,428,849.95</u>	<u>\$ 659,475.87</u>	<u>\$ 9,117,688.93</u>	<u>\$ 34,171,416.71</u>

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, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues					
Local Sources	\$ 25,660,353.81	\$ 45,574,675.71	\$ 670,056.88	\$ 9,467,143.70	\$ 81,372,230.10
County Sources	479,173.71	1,086,217.87	16,532.75	156,900.43	1,738,824.76
State Sources	4,508,250.53	12,602,167.99	-	1,656,363.66	18,766,782.18
Federal Sources	2,727,080.71	894,169.59	-	-	3,621,250.30
TOTAL REVENUES	33,374,858.76	60,157,231.16	686,589.63	11,280,407.79	105,499,087.34
Expenditures					
Current					
Regular Instruction	6,158,812.37	49,510,349.81	-	79,720.43	55,748,882.61
Attendance	63,161.45	-	-	-	63,161.45
Guidance	388,412.28	2,460,138.78	-	-	2,848,551.06
Health, Psych Speech & Audio	1,013,834.00	-	-	-	1,013,834.00
Improvement of Instruction	499,522.59	1,405,340.95	-	1,300.00	1,906,163.54
Professional Development	69,557.44	56,815.80	-	-	126,373.24
Media Services	259,265.13	1,324,238.88	-	-	1,583,504.01
Board of Education Services	757,183.63	-	-	-	757,183.63
Executive Administration	167,197.54	247,932.30	-	-	415,129.84
Building Level Administration	1,826,621.24	3,780,624.12	-	-	5,607,245.36
Business Central Services	4,331,169.51	169,597.13	-	106,314.22	4,607,080.86
Operation of Plant	9,239,855.76	-	-	257,972.96	9,497,828.72
Security Services	567,411.80	-	-	-	567,411.80
Pupil Transportation	4,429,831.99	-	-	160,846.08	4,590,678.07
Food Service	3,498,835.45	-	-	26,364.00	3,525,199.45
Community Services	460,906.63	309,130.07	-	-	770,036.70
Capital Outlay	-	-	-	257,084.97	257,084.97
Debt Service:					
Principal	-	-	550,000.00	7,277,909.11	7,827,909.11
Interest and Charges	-	-	52,116.50	1,584,894.90	1,637,011.40
Total Support Services	33,731,578.81	59,264,167.84	602,116.50	9,752,406.67	103,350,269.82
Excess (Deficiency) of Revenues Over Expenditures	(356,720.05)	893,063.32	84,473.13	1,528,001.12	2,148,817.52
Other Financing Sources (Uses):					
Transfers	(26,364.00)	-	-	26,364.00	-
Tuition from other Districts	645,008.14	-	-	-	645,008.14
Area Voc Fees From Other LEAs	-	-	-	-	-
Sale of Other Property	-	-	-	1,328.83	1,328.83
COP'S issued(2013, 2014A, 2014B, 2014C)	-	-	-	-	-
Debt Retired from Refinancing (2004, 2010, 2011)	-	-	-	(9,830,000.00)	(9,830,000.00)
Cost of Issuance	-	-	-	(10,890.50)	(10,890.50)
Contracted Educational Services	492,115.76	-	-	-	492,115.76
Transportation From Other LEA's for Non Disabled Route	74,359.41	-	-	-	74,359.41
Trans. Amounts from other LEA's for K-12 Disabled Students	967,715.03	-	-	-	967,715.03
Total Other Financing Sources (Uses)	2,152,834.34	-	-	(9,813,197.67)	(7,660,363.33)
NET CHANGE IN FUND BALANCES	1,796,114.29	893,063.32	84,473.13	(8,285,196.55)	(5,511,545.81)
Fund Balances July 1, 2015	18,169,287.67	3,535,786.63	575,002.74	17,402,885.48	39,682,962.52
Fund Balances June 30, 2016	<u>\$ 19,965,401.96</u>	<u>\$ 4,428,849.95</u>	<u>\$ 659,475.87</u>	<u>\$ 9,117,688.93</u>	<u>\$ 34,171,416.71</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, 2016

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

Total Fund Balance - Governmental Funds	\$ 34,171,416.71
Total Net Position - Self-Insurance	6,409,105.33
	<hr/>
Total Net Position - Governmental Activities	<u><u>\$ 40,580,522.04</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, 2016

Total net change in fund balances - governmental funds	\$ (5,511,545.81)
Total net change in net position - self-insurance	2,576,203.24
	<hr/>
Change in net position of statement of activities	<u><u>\$ (2,935,342.57)</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, 2016

	<u>Self Insurance Fund</u>
ASSETS	
Restricted:	
Cash and Cash Equivalents	\$ 1,464,563.67
Investments	<u>4,944,541.66</u>
Total Assets	<u><u>6,409,105.33</u></u>
LIABILITIES	
Accounts Payable and Accrued Liabilities	<u>\$ -</u>
Total Liabilities	<u><u>\$ -</u></u>
NET POSITION	
Restricted for Future Claims	\$ 6,409,105.33
Unrestricted	<u>-</u>
Total Net Position	<u><u>\$ 6,409,105.33</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, 2016**

OPERATING REVENUES	
Self-Insurance Premiums	\$ 10,967,615.14
Total Operating Revenues	<u>10,967,615.14</u>
 OPERATING EXPENSES	
Claims	7,278,573.51
Administration Fees	1,119,894.33
Total Operating Expenses	<u>8,398,467.84</u>
 Operating Income (Loss)	 2,569,147.30
 NON-OPERATING REVENUES (EXPENSES)	
Interest Income	7,055.94
Total Non-Operating Revenues (Expenses)	<u>7,055.94</u>
 Income (Loss) Before Capital Contributions	 2,576,203.24
 Capital Contributions	 <u>-</u>
 Change in Net Position	 2,576,203.24
 Total Net Position - July 1, 2015	 <u>3,832,902.09</u>
 Total Net Position - June 30, 2016	 <u>\$ 6,409,105.33</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, 2016**

	<u>Self Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from User Charges	\$ 10,967,615.14
Cash Payments for Insurance Claims and Fees	<u>(8,398,467.84)</u>
Net Cash Provided (Used) by Operating Activities	2,569,147.30
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments (including matured investments)	<u>(4,397,085.40)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,827,938.10)
Cash and Cash Equivalents - July 1, 2015	<u>3,292,501.77</u>
Cash and Cash Equivalents - June 30, 2016	<u><u>1,464,563.67</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	<u>2,569,147.30</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 2,569,147.30</u></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, 2016

	<u>Flex Spending Account</u>
Assets	
Cash and Cash Equivalents	\$ 16,298.55
Total Assets	<u>16,298.55</u>
Liabilities	
Reserved for Future Claims	<u>16,298.55</u>
Total Liabilities	<u>\$ 16,298.55</u>
Net Position	
Net Investment in Capital Assets	\$ -
Restricted	-
Unrestricted	<u>-</u>
Total Net Position	<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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016.
- 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, 2016

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, 2016, 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/ (Teacher) Fund	-	-	-	4,428,849.95
Debt Service Fund	-	659,475.87	-	-
Capital Projects Fund	-	-	-	9,117,688.93
Total	<u>\$ -</u>	<u>\$ 659,475.87</u>	<u>\$ -</u>	<u>\$ 13,546,538.88</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, 2016, there were four participants in the program.

MEHLVILLE R-IX SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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 2015-16 school year requires salaries over a 12-month period. Consequently, the July and August 2016 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 unused sick days at June 30, 2016, amounted to approximately \$844,820.80. This estimate has not been subjected to auditing procedures.

MEHLVILLE R-IX SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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, 2016, the carrying amount of the District's governmental fund deposits was \$34,171,416.71, and the carrying amount of the District's proprietary fund deposits was \$6,409,105.33. The bank balance was \$45,911,314.16. Of the bank balance, \$250,000.00 was covered by federal depository insurance, and \$45,243,960.43 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 \$417,353.73 are held by a trustee in the District's name and are invested in federal securities.

The deposits and investments held at June 30, 2016, 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	\$ 24,394,251.91
Restricted Cash	N/A	8,530,246.21
Component Unit Escrow Deposits	N/A	417,353.73
Subtotal Deposits		33,341,851.85
Proprietary Funds		
Restricted:		
Self Insurance Fund - Cash	N/A	1,464,563.67
Subtotal Deposits		1,464,563.67
Grand Total Deposits		\$ 34,806,415.52

MEHLVILLE R-IX SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

II. DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2016, the District had the following investments and maturities:

TYPE	FAIR VALUE	MATURITY LESS THAN 1 YEAR	MATURITY 1-5 YEARS
<u>Governmental Funds</u>			
MOSIP	\$ 523,399.36	\$ 523,399.36	\$ -
Investments in Escrow	306,165.50	306,165.50	-
Total Investments	<u>829,564.86</u>	<u>829,564.86</u>	<u>-</u>
<u>Proprietary Funds</u>			
MOSIP	4,944,541.66	4,944,541.66	-
Subtotal Investments	<u>4,944,541.66</u>	<u>4,944,541.66</u>	<u>-</u>
Grand Total Investments	<u>\$ 5,774,106.52</u>	<u>\$ 5,774,106.52</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, 2016.

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, 2016

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, 2016.

SUMMARY OF CARRYING VALUES

Included in the following fund financial statement captions:

Balance Sheet – All Governmental Funds

Cash	\$ 24,394,251.91
Restricted:	
Cash	8,530,246.21
Investments	523,399.36
Investments in Escrow	306,165.50
Component Unit Escrow Deposits	417,353.73
	<u>\$ 34,171,416.71</u>

Statement of Net Position – Proprietary
Fund

Restricted:

Cash	\$ 1,464,563.67
Investments	4,944,541.66
	<u>\$ 6,409,105.33</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, 2016

III. TAXES (concluded)

The assessed valuation of the tangible taxable property (including state assessed railroad and utilities) for the calendar year 2015, for purposes of local taxation, was:

Real Estate:

Residential	\$	1,153,475,040
Agricultural		176,170
Commercial		295,193,940
Personal Property		<u>244,593,020</u>
TOTAL	\$	<u>1,693,438,170</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the fiscal year 2015-16, for purposes of local taxation, was:

	UNADJUSTED	ADJUSTED
General Fund	\$ 1.0439	\$ 1.0439
Special Revenue Fund	2.1600	2.1600
Debt Service Fund	0.0400	0.0400
Capital Projects Fund	<u>0.5100</u>	<u>0.5100</u>
TOTAL	<u>\$ 3.7539</u>	<u>\$ 3.7539</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2016, aggregated approximately 98.60% 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, 2016:

Description	Beginning Balance July 1, 2015	Current Year Additions	Current Year Deletions & Payments	Ending Balance June 30, 2016	Interest Paid Current Year
General Obligation Bonds	\$ 1,135,000.00	\$ -	\$ 550,000.00	\$ 585,000.00	\$ 51,904.50
Capital Leases	58,591,370.40	-	6,961,142.19	51,630,228.21	1,553,033.65
DNR Energy Loan	189,393.30	-	32,688.55	156,704.75	6,772.45
Other Debt	<u>873,816.83</u>	<u>543,244.65</u>	<u>387,049.45</u>	<u>1,030,012.03</u>	<u>20,384.64</u>
Total	<u>\$ 60,789,580.53</u>	<u>\$ 543,244.65</u>	<u>\$ 7,930,880.19</u>	<u>\$ 53,401,944.99</u>	<u>\$ 1,632,095.24</u>

MEHLVILLE R-IX SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

IV. CHANGES IN LONG-TERM DEBT (continued)

Bonds payable at June 30, 2016, 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%. \$ 585,000.00

Total \$ 585,000.00

The annual requirements to amortize all debt outstanding as of June 30, 2016, including interest payments, are as follows:

FISCAL YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2017	\$ 585,000.00	\$ 27,319.50	\$ 612,319.50
TOTALS	<u>\$ 585,000.00</u>	<u>\$ 27,319.50</u>	<u>\$ 612,319.50</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, 2016.

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, 2016, is \$21,010.66. The payments were made from the Capital Projects Fund.

MEHLVILLE R-IX SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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, 2016, is \$135,694.09. 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, 2016

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, 2016

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 YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2017	\$ 7,600,228.21	\$ 1,235,579.70	\$ 8,835,807.91
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	8,705,000.00	596,265.00	9,301,265.00
2022-2026	2,815,000.00	1,472,897.50	4,287,897.50
2027-2029	2,500,000.00	358,272.50	2,858,272.50
TOTAL	\$ 51,630,228.21	\$ 6,624,038.45	\$ 58,254,266.66

MEHLVILLE R-IX SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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. The loan was paid off during the fiscal year.

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 28th with an interest rate of 4.27% for 60 months. The loan was paid off during the fiscal year.

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. At June 30, 2016, the remaining principal balance was \$486,767.35.

On June 25, 2016, the District entered into a lease purchase agreement with De Lage Landen Public Finance for document and network technologies in the amount of \$543,244.65. The principal and interest payments begin on July 25, 2016, and are made monthly with an interest rate of 3.75%. Payments mature on June 25, 2021.

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 YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2017	\$ 205,491.07	\$ 26,900.19	\$ 232,391.26
2018	211,216.62	21,174.64	232,391.26
2019	217,122.60	15,268.66	232,391.26
2020	223,215.18	9,176.08	232,391.26
2021	172,966.56	2,890.40	175,856.96
TOTAL	\$ 1,030,012.03	\$ 75,409.97	\$ 1,105,422.00

MEHLVILLE R-IX SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

V. RETIREMENT PLAN

Summary of Significant Accounting Policies

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

The fiduciary net position, as well as additions to and deductions from fiduciary net position, of PSRS and PEERS have been determined on the same basis as they are reported by the Systems. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing the Systems. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the District's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psr-peers.org.

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.

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 was 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, 2016

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.

Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrspers.org.

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 and 2016. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The district's contributions to PSRS were \$7,583,755 for the year ended June 30, 2016.

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.

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, 2016

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.

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

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

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2015 and 2016. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District’s contributions to PEERS were \$1,084,051 for the year ended June 30, 2016.

Pension Liabilities and Pension Expense - PSRS

At June 30, 2016, the District recorded a liability of \$66,676,534 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2015, and determined by an actuarial valuation as of that date. The District’s proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$7,583,755 paid to PSRS for the year ended June 30, 2015, relative to the actual contributions of \$656,578,122 from all participating employers. At June 30, 2015, the District’s proportionate share was 1.1550%.

MEHLVILLE R-IX SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

V. RETIREMENT PLAN (continued)

Pension Liabilities and Pension Expense - PEERS

At June 30, 2016, the District recorded a liability of \$5,574,142 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2015, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$1,084,051 paid to PEERS for the year ended June 30, 2015, relative to the actual contributions of \$102,864,099 from all participating employers. At June 30, 2015, the District's proportionate share was 1.0539%.

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, 2015
- Valuation Date	June 30, 2015
- Expected Return on Investments	8.00%, net of investment expenses and including 2.5% inflation
- Inflation	2.5%
- Total Payroll Growth	3.50% per annum, consisting of 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Future Salary Increases	4.00% - 10.00%, depending on service and including 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.00% to 7.00%.
- Cost-of-Living Increases	2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase.
- Mortality Assumption	
Actives:	RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
Non-Disabled Retirees, Beneficiaries and Survivors:	RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
Disabled Retirees:	RP 2000 Disabled Mortality Table

Changes in Actuarial Assumptions and Methods

There were no changes in actuarial assumptions or methods for the June 30, 2015, valuation.

MEHLVILLE R-IX SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

V. RETIREMENT PLAN (continued)

Actuarial Assumptions - PSRS (concluded)

Fiduciary Net Position

PSRS issues a publicly available financial report that can be obtained at www.psrs-peers.org.

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, 2015
- Valuation Date	June 30, 2015
- Expected Return on Investments	8.00%, net of investment expenses and including 2.5% inflation
- Inflation	2.5%
- Total Payroll Growth	3.75% per annum, consisting of 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Future Salary Increases	5.00% - 12.00%, depending on service and including 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.75% to 8.75%.
- Cost-of-Living Increases	2.0% compounded annually, beginning on the fourth January after retirement and capped at 80% lifetime increase.
- Mortality Assumption	
Actives:	RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
Non-Disabled Retirees, Beneficiaries and Survivors:	RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
Disabled Retirees:	RP 2000 Disabled Mortality Table

Changes in Actuarial Assumptions and Methods

There were no changes in actuarial assumptions or methods for the June 30, 2015, valuation

Fiduciary Net Position

PEERS issues a publicly available financial report that can be obtained at www.psrs-peers.org.

MEHLVILLE R-IX SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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, 2015, is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

Asset Class	Target Asset Allocation	Long- term Expected Real Return Arithmet	Weighted Long- term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.85%	1.58%
Public Credit	12.0%	2.44%	0.29%
Hedged Assets	6.0%	5.22%	0.31%
Non-U.S. Public Equity	15.0%	6.64%	1.00%
U.S. Treasuries	16.0%	1.01%	0.16%
U.S. TIPS	4.0%	1.12%	0.04%
Private Credit	2.0%	7.61%	0.15%
Private Equity	10.5%	8.61%	0.90%
Private Real Estate	7.5%	4.60%	0.35%
Total	<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, 2015, 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, 2016

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>
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PSRS Proportionate share of the Net Pension

Liability / (Asset)	\$122,630,275	\$66,676,534	\$19,681,628
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PEERS Proportionate share of the Net Pension

Liability / (Asset)	\$11,253,274	\$5,574,142	\$772,927
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Schedule of Proportionate Share of the Net Pension Liability and Related Ratios - PSRS

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/15	1.1437%	\$46,921,155	\$50,888,111	92.20%	89.34%
6/30/16	1.1550%	\$66,676,534	\$52,406,841	127.23%	85.78%

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

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/15	1.0536%	\$3,847,388	\$15,364,519	25.04%	91.33%
6/30/16	1.0539%	\$5,574,142	\$15,802,494	35.27%	88.28%

Schedule of Employer Contributions - PSRS

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/14	\$7,097,803	\$7,097,803	\$ -	\$49,025,716	14.48%
6/30/15	7,364,951	7,364,951	-	50,888,111	14.47%
6/30/16	7,583,755	7,593,755	-	52,406,841	14.47%

MEHLVILLE R-IX SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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
6/30/14	\$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%
6/30/16	1,084,051	1,084,051	-	15,802,494	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 2015-2016 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, 2016

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, 2016, was approximately \$2,504,246.49.

X. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2016, are as follows:

Fund	Transfers In	Transfers 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 467 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 2016 assessment was \$1,177,851. 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, 2016

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, 2016, 98 retirees contributed to health insurance, 474 retirees contributed to dental insurance and 395 retirees contributed to vision benefits. Total contributions made by retirees for post-employment benefits for the fiscal year ended June 30, 2016, amounted to \$1,262,466.52.

XIV. TUITION RECEIVED

The District received money for tuition from Riverview Gardens School District for the year ended June 30, 2016, 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 received for the year ended June 30, 2016, was \$645,008.14.

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, 2016**

	Budgeted Amounts		Actual	Variances--
	Working	Final		Over(Under)
				Final to Actual
Revenues				
Local Sources	\$ 25,042,388.08	\$ 25,660,353.81	\$ 25,660,353.81	\$ -
County Sources	436,946.56	479,173.71	479,173.71	-
State Sources	5,200,130.00	4,508,250.53	4,508,250.53	-
Federal Sources	2,722,650.00	2,727,080.71	2,727,080.71	-
TOTAL REVENUES	33,402,114.64	33,374,858.76	33,374,858.76	-
Expenditures				
Current				
Instruction	6,437,452.00	6,158,812.37	6,158,812.37	-
Attendance	-	63,161.45	63,161.45	-
Guidance	147,726.00	388,412.28	388,412.28	-
Health, Psych Speech & Audio	13,410.00	1,013,834.00	1,013,834.00	-
Improvement of Instruction	240,862.20	499,522.59	499,522.59	-
Professional Development	90,920.00	69,557.44	69,557.44	-
Media Services	105,436.80	259,265.13	259,265.13	-
Board of Education Services	782,815.00	757,183.63	757,183.63	-
Executive Administration	95,750.00	167,197.54	167,197.54	-
Building Level Administration	96,454.00	1,826,621.24	1,826,621.24	-
Business Central Services	18,250,270.00	4,331,169.51	4,331,169.51	-
Operation of Plant	3,522,704.00	9,239,855.76	9,239,855.76	-
Security Services	380,000.00	567,411.80	567,411.80	-
Pupil Transportation	920,490.00	4,429,831.99	4,429,831.99	-
Food Service	1,865,950.00	3,498,835.45	3,498,835.45	-
Community Services	73,300.00	460,906.63	460,906.63	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	33,023,540.00	33,731,578.81	33,731,578.81	-
Revenues Over (Under)				
Expenditures	378,574.64	(356,720.05)	(356,720.05)	-
Other Financing Sources (Uses):				
Transfers	-	(26,364.00)	(26,364.00)	-
Tuition from other Districts	645,000.00	645,008.14	645,008.14	-
Area Voc Fees From Other LEAs	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Contracted Educational Services	492,000.00	492,115.76	492,115.76	-
Transportation From Other LEA's for Non Disabled Route	10,000.00	74,359.41	74,359.41	-
Trans. Amounts from other LEA's for K-12 Disabled Students	1,040,000.00	967,715.03	967,715.03	-
Total Other Financing Sources (Uses)	2,187,000.00	2,152,834.34	2,152,834.34	-
NET CHANGE IN FUND BALANCE	2,565,574.64	1,796,114.29	1,796,114.29	\$ -
Fund Balance July 1, 2015	18,169,287.67	18,169,287.67	18,169,287.67	
Fund Balance June 30, 2016	\$ 20,734,862.31	\$ 19,965,401.96	\$ 19,965,401.96	

Mehlville R-IX School District
Budgetary Comparison Schedule
Modified Cash Basis - Special Revenue Fund
For the Year Ended June 30, 2016

				Variances-- Over(Under)	
Budgeted Amounts				Final	
				Actual	to Actual
Original				Final	
Revenues					
Local Sources	\$	46,085,682.00	\$	45,574,675.71	\$ -
County Sources		1,054,027.80		1,086,217.87	-
State Sources		12,602,000.00		12,602,167.99	-
Federal Sources		882,350.00		894,169.59	-
TOTAL REVENUES		60,624,059.80	60,157,231.16		-
Expenditures					
Current					
Instruction		59,775,950.00		49,510,349.81	-
Attendance		-		-	-
Guidance		30,000.00		2,460,138.78	-
Health, Psych Speech & Audio		-		-	-
Improvement of Instruction		331,100.00		1,405,340.95	-
Professional Development		50,500.00		56,815.80	-
Media Services		-		1,324,238.88	-
Board of Education Services		-		-	-
Executive Administration		-		247,932.30	-
Building Level Administration		-		3,780,624.12	-
Business Central Services		-		169,597.13	-
Operation of Plant		-		-	-
Security Services		-		-	-
Pupil Transportation		-		-	-
Food Service		-		-	-
Community Services		10,300.00		309,130.07	-
Capital Outlay		-		-	-
Debt Service:					
Principal		-		-	-
Interest and Charges		-		-	-
Total Support Services		60,197,850.00	59,264,167.84		-
Revenues Over (Under)					
Expenditures		426,209.80		893,063.32	-
Other Financing Sources (Uses):					
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		-		-	-
Total Other Financing Sources (Uses)		-	-		-
NET CHANGE IN FUND BALANCE		426,209.80	893,063.32		\$ -
Fund Balance July 1, 2015		3,535,786.63		3,535,786.63	
Fund Balance June 30, 2016	\$	3,961,996.43	\$	4,428,849.95	\$ 4,428,849.95

**Mehlville R-IX School District
Budgetary Comparison Schedule
Modified Cash Basis - Debt Service Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variances--
	Working	Final		Over(Under) Final to Actual
Revenues				
Local Sources	\$ 670,857.80	\$ 670,056.88	\$ 670,056.88	\$ -
County Sources	18,074.62	16,532.75	16,532.75	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUES	688,932.42	686,589.63	686,589.63	-
Expenditures				
Current				
Instruction	-	-	-	-
Attendance	-	-	-	-
Guidance	-	-	-	-
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	-	-	-	-
Professional Development	-	-	-	-
Media Services	-	-	-	-
Board of Education Services	-	-	-	-
Executive Administration	-	-	-	-
Building Level Administration	-	-	-	-
Business Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Security Services	-	-	-	-
Pupil Transportation	-	-	-	-
Food Service	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	550,000.00	550,000.00	550,000.00	-
Interest and Charges	52,130.00	52,116.50	52,116.50	-
Total Expenditures	602,130.00	602,116.50	602,116.50	-
Revenues Over (Under)				
Expenditures	86,802.42	84,473.13	84,473.13	-
Other Financing Sources (Uses):				
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	-	-	-	-
Total Other Financing				
Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	86,802.42	84,473.13	84,473.13	\$ -
Fund Balance July 1, 2015	575,002.74	575,002.74	575,002.74	
Fund Balance June 30, 2016	\$ 661,805.16	\$ 659,475.87	\$ 659,475.87	

Mehlville R-IX School District
Budgetary Comparison Schedule
Modified Cash Basis - Capital Projects Fund - Excluding Component Unit
For the Year Ended June 30, 2016

				Variances-- Over(Under)	
Budgeted Amounts				Final	
		Working	Final	Actual	to Actual
Revenues					
Local Sources	\$	9,578,943.12	\$ 9,466,877.98	\$ 9,466,877.98	\$ -
County Sources		224,951.02	156,900.43	156,900.43	-
State Sources		950,870.00	1,656,363.66	1,656,363.66	-
Federal Sources		-	-	-	-
TOTAL REVENUES		10,754,764.14	11,280,142.07	11,280,142.07	-
Expenditures					
Current					
Instruction		79,933.00	79,720.43	79,720.43	-
Attendance		-	-	-	-
Guidance		-	-	-	-
Health, Psych Speech & Audio		-	-	-	-
Improvement of Instruction		1,300.00	1,300.00	1,300.00	-
Professional Development		-	-	-	-
Media Services		-	-	-	-
Board of Education Services		-	-	-	-
Executive Administration		-	-	-	-
Building Level Administration		-	-	-	-
Business Central Services		106,315.00	106,314.22	106,314.22	-
Operation of Plant		330,915.00	257,972.96	257,972.96	-
Security Services		-	-	-	-
Pupil Transportation		111,000.00	160,846.08	160,846.08	-
Food Service		-	26,364.00	26,364.00	-
Community Services		-	-	-	-
Capital Outlay		257,085.00	257,084.97	257,084.97	-
Debt Service:					
Principal		7,277,882.00	7,277,909.11	7,277,909.11	-
Interest and Charges		1,591,413.00	1,591,081.24	1,591,081.24	-
Total Support Services		9,755,843.00	9,758,593.01	9,758,593.01	-
Revenues Over (Under)					
Expenditures		998,921.14	1,521,549.06	1,521,549.06	-
Other Financing Sources (Uses):					
Transfers		-	26,364.00	26,364.00	-
Tuition from other Districts		-	-	-	-
Area Voc Fees From Other LEAs		-	-	-	-
Sale of Other Property		5,000.00	1,328.83	1,328.83	-
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		-	-	-	-
Total Other Financing Sources (Uses)		5,000.00	27,692.83	27,692.83	-
NET CHANGE IN FUND BALANCE		1,003,921.14	1,549,241.89	1,549,241.89	\$ -
Fund Balance July 1, 2015		7,151,093.31	7,151,093.31	7,151,093.31	
Fund Balance June 30, 2016	\$	8,155,014.45	\$ 8,700,335.20	\$ 8,700,335.20	

Mehlville R-IX School District
Budgetary Comparison Schedule
Modified Cash Basis - All Governmental Funds - Excluding Component Unit
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances--
	Working	Final		Over(Under)
				Final
				to Actual
Revenues				
Local Sources	\$ 81,377,871.00	\$ 81,371,964.38	\$ 81,371,964.38	\$ -
County Sources	1,734,000.00	1,738,824.76	1,738,824.76	-
State Sources	18,753,000.00	18,766,782.18	18,766,782.18	-
Federal Sources	3,605,000.00	3,621,250.30	3,621,250.30	-
TOTAL REVENUES	105,469,871.00	105,498,821.62	105,498,821.62	-
Expenditures				
Current				
Instruction	66,293,335.00	55,748,882.61	55,748,882.61	-
Attendance	-	63,161.45	63,161.45	-
Guidance	177,726.00	2,848,551.06	2,848,551.06	-
Health, Psych Speech & Audio	13,410.00	1,013,834.00	1,013,834.00	-
Improvement of Instruction	573,262.20	1,906,163.54	1,906,163.54	-
Professional Development	141,420.00	126,373.24	126,373.24	-
Media Services	105,436.80	1,583,504.01	1,583,504.01	-
Board of Education Services	782,815.00	757,183.63	757,183.63	-
Executive Administration	95,750.00	415,129.84	415,129.84	-
Building Level Administration	96,454.00	5,607,245.36	5,607,245.36	-
Business Central Services	18,356,585.00	4,607,080.86	4,607,080.86	-
Operation of Plant	3,853,619.00	9,497,828.72	9,497,828.72	-
Security Services	380,000.00	567,411.80	567,411.80	-
Pupil Transportation	1,031,490.00	4,590,678.07	4,590,678.07	-
Food Service	1,865,950.00	3,525,199.45	3,525,199.45	-
Community Services	83,600.00	770,036.70	770,036.70	-
Capital Outlay	257,085.00	257,084.97	257,084.97	-
Debt Service:				
Principal	7,827,882.00	7,827,909.11	7,827,909.11	-
Interest and Charges	1,643,543.00	1,643,197.74	1,643,197.74	-
Total Expenditures	103,579,363.00	103,356,456.16	103,356,456.16	-
Revenues Over (Under)				
Expenditures	1,890,508.00	2,142,365.46	2,142,365.46	-
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Tuition From Other Districts	645,000.00	645,008.14	645,008.14	-
Area Voc Fees From Other LEAs	-	-	-	-
Sale of Other Property	5,000.00	1,328.83	1,328.83	-
Sale of School Buses	-	-	-	-
Contracted Educational Services	492,000.00	492,115.76	492,115.76	-
Transportation From Other LEA's for Non Disabled Route	10,000.00	74,359.41	74,359.41	-
Trans. Amounts from other LEA's for K-12 Disabled Students	1,040,000.00	967,715.03	967,715.03	-
Total Other Financing				
Sources (Uses)	2,192,000.00	2,180,527.17	2,180,527.17	-
NET CHANGE IN FUND BALANCES	4,082,508.00	4,322,892.63	4,322,892.63	\$ -
Fund Balances July 1, 2015	29,431,170.35	29,431,170.35	29,431,170.35	
Fund Balances June 30, 2016	\$ 33,513,678.35	\$ 33,754,062.98	\$ 33,754,062.98	

MEHLVILLE R-IX SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2016

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 May 21, 2015, the budget was legally enacted by a vote of the Board of Education.
- 5) On June 23, 2016, 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, 2016

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, 2016, 98 retirees contributed to health insurance, 474 retirees contributed to dental insurance and 395 retirees contributed to vision benefits. Total contributions made by retirees for post-employment benefits for the fiscal year ended June 30, 2016, amounted to \$1,262,466.52.

Mehlville R-IX School District
Comparative Tax Levies, Tax Collection Rates and Enrollment
For the Year Ended June 30, 2016

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 Ending	Teacher's Fund	Incidental Fund	Capital Projects Fund	Debt Service Fund	Adjusted* Tax Levy Total
2016	2.1600	1.0439	0.5100	0.0400	3.7539
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 Ending	Assessed Valuation	Tax Levy Per \$100	Estimated Total Tax	Current Taxes Collected	% of Taxes Collected	Delinquent Taxes Collected	% of Total Current & Delinquent Taxes Collected
2016	\$ 1,691,306,370	3.7539	\$ 63,489,950	\$ 61,731,661	97.23%	\$ 949,486	98.73%
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
2015-2016	10,198
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
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CERTIFIED PUBLIC ACCOUNTANTS

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, 2016.

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, 2016, 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
October 31, 2016

MEHLVILLE R-IX SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
DISTRICT NO. 096-094
YEAR ENDED JUNE 30, 2016

I. CALENDAR (Sections 160.041 and 171.031, RSMo)

- A. Standard day length (SDL) - The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time. Reported with 4 decimal places.

Kindergarten – Full Day	<u>6.4333</u>	SDL	Grades	<u>6-8</u>	<u>6.4666</u>	SDL
Grades 1-5	<u>6.4333</u>	SDL	Grades	<u>9-12</u>	<u>6.4000</u>	SDL
Grades 6-8	<u>6.4100</u>	SDL	Grades	<u>9-12</u>	<u>6.4200</u>	SDL
Grades 6-8	<u>6.4200</u>	SDL				

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

Kindergarten – Full Day	<u>1,095.39</u>	Hours	Grades	<u>6-8</u>	<u>1,101.11</u>	Hours
Grades 1-5	<u>1,095.39</u>	Hours	Grades	<u>9-12</u>	<u>1,089.60</u>	Hours
Grades 6-8	<u>1,091.22</u>	Hours	Grades	<u>9-12</u>	<u>1,093.08</u>	Hours
Grades 6-8	<u>1,093.08</u>	Hours				

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

Kindergarten – Full Day	<u>174</u>	Days	Grades	<u>6-8</u>	<u>174</u>	Days
Grades 1-5	<u>174</u>	Days	Grades	<u>9-12</u>	<u>174</u>	Days

II. AVERAGE DAILY ATTENDANCE (ADA)

<u>Regular Term</u>	<u>Full-Time & Part-Time</u>	<u>Remedial</u>	<u>Deseg In</u>	<u>Deseg In Remedial</u>	<u>Total</u>	<u>Deseg Out</u>
Kindergarten – Full Day	<u>666.4225</u>	-	<u>14.8769</u>	-	<u>681.2994</u>	-
Grades 1-5	<u>3,543.1495</u>	-	<u>124.0914</u>	-	<u>3,667.2409</u>	-
Grades 6-8	<u>2,149.0799</u>	<u>1.3393</u>	<u>94.3208</u>	<u>0.1559</u>	<u>2,244.8959</u>	-
Grades 9-12	<u>2,864.6459</u>	-	<u>87.6553</u>	-	<u>2,952.3012</u>	-
Subtotal Regular Term	<u>9,223.2978</u>	<u>1.3393</u>	<u>320.9444</u>	<u>0.1559</u>	<u>9,545.7374</u>	-
		Resident	Deseg In	Federal Lands	Total	
Summer School Subtotal		<u>35.880</u>	<u>4.1785</u>	-	<u>40.0665</u>	
Total Regular Term Plus Summer School ADA					<u>9,585.8039</u>	-

MEHLVILLE R-IX SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
DISTRICT NO. 096-094
YEAR ENDED JUNE 30, 2016

III. SEPTEMBER MEMBERSHIP

	Full-Time & Part-Time	Deseg In	Federal Lands	Total	Deseg Out
September Membership FTE Count	<u>9,745.62</u>	<u>345.26</u>	<u>-</u>	<u>10,090.88</u>	<u>19.00</u>

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

	Full-Time & Part-Time	Deseg In	Total
State FTE Total			
Free	2,100.08	288.70	2,388.78
Reduced	<u>504.56</u>	<u>26.14</u>	<u>530.70</u>
Total	<u>2,604.64</u>	<u>314.84</u>	<u>2,919.48</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>\$ 75,000</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, 2016

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:.....	\$126,373.24

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"> Eligible ADT..... Ineligible ADT 	# 6,134.50 # 918.50
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, 2016

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

E.	Actual odometer records show the total District-operated <u>and</u> contracted mileage for the year was:.....	<u># 815,007</u>
	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route <u>and</u> disapproved miles (combined) was:	
	• Eligible Miles.....	<u># 755,472</u>
	• Ineligible Miles (Non-Route/Disapproved).....	<u># 59,535</u>
F.	Number of days the District operated the school transportation system during the regular school year:.....	<u>174</u>

MEHLVILLE R-IX SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2016

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
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CERTIFIED PUBLIC ACCOUNTANTS

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2016.

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

October 31, 2016



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Daniel Jones & Associates

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

October 31, 2016

Mehlville R-IX School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Expenditures
<u>Cash Federal Expenditures</u>				
U.S. Department of Health and Human Services:				
Refugee Children	93.576	096-094	\$ -	\$ 78,938.56
Total U.S. Department of Health and Human Services			-	78,938.56
U.S. Department of Education:				
Special Education				
<i>Passed through Missouri Department of Elementary and Secondary Education:</i>				
Early Childhood Special Education	84.027A	096-094	-	76,231.00
Early Childhood Special Education	84.173A	096-094	-	90,133.00
Total Special Education			-	166,364.00
Title I				
Title I, Part A of ESEA	84.010A	096-094	-	1,151,040.21
Total Title I Cluster			-	1,151,040.21
Title III Cluster:				
Title III	84.365A	096-094	-	125,750.59
Total Title III Cluster			-	125,750.59
Title II				
Title II, A, ESEA - Teacher & Principal Quality	84.367A	096-094	-	295,125.53
Total Title II			-	295,125.53
Vocational Perkins Grant	84.048A	096-094	-	113,809.00
Total U.S. Department of Education			-	1,852,089.33
U.S. Department of Agriculture:				
<i>Passed through Missouri Department of Elementary and Secondary Education:</i>				
National School Lunch Cluster:				
National School Lunch Program	10.555	096-094	-	1,315,322.96
School Breakfast Program	10.553	096-094	-	253,636.57
Non - Cash Proceeds				
Food Distribution - Commodities	10.555	096-094	-	207,068.22
Total U.S. Department of Agriculture			-	1,776,027.75
Total Federal Expenditures			\$ -	\$ 3,707,055.64

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, 2016

NOTE 1 - BASIS of PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Mehlville R-IX School District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Mehlville R-IX School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Mehlville R-IX School District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

The District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 - RELATIONSHIP TO ACCOMPANYING FINANCIAL STATEMENTS

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

FEDERAL SOURCES

General Fund	\$ 2,727,080.71
Special Revenue Fund	<u>894,169.59</u>
	<u><u>\$ 3,621,250.30</u></u>

NOTE 5 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

NOTE 6 -MATCHING REVENUES

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

NOTE 7 – NON-CASH PROGRAMS

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

MEHLVILLE R-IX SCHOOL DISTRICT
SCHEDULE OF FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified
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 2 CFR 200.516(a)? ☐ Yes ☒ No
4. Identification of major federal programs:

<u>CFDA Number(s):</u>	<u>Name of Federal Program or Cluster:</u>
10.553, 10.555	Child Nutrition Cluster
5. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
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, 2016

II. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings to report as of June 30, 2016.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to federal awards as of June 30, 2016.

MEHLVILLE R-IX SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

I. FINANCIAL STATEMENT FINDINGS – PRIOR YEAR

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

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, 2015.

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, 2016

	School District	Public Facilities Authority	Component Unit Elimination Adjustments*	Totals
Revenues				
Local Sources	\$ 9,466,877.98	\$ -	\$ -	\$ 9,466,877.98
County Sources	156,900.43	-	-	156,900.43
State Sources	1,656,363.66	-	-	1,656,363.66
Federal Sources	-	-	-	-
Other - District Payments	-	8,409,687.92	(8,409,687.92)	-
TOTAL REVENUES	11,280,142.07	8,409,687.92	(8,409,687.92)	11,280,142.07
Expenditures				
Current				
Instruction	79,720.43	-	-	79,720.43
Attendance	-	-	-	-
Guidance	-	-	-	-
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	1,300.00	-	-	1,300.00
Professional Development	-	-	-	-
Media Services	-	-	-	-
Board of Education Services	-	-	-	-
Executive Administration	-	-	-	-
Building Level Administration	-	-	-	-
Business Central Services	106,314.22	-	-	106,314.22
Operation of Plant	257,972.96	-	-	257,972.96
Security Services	-	-	-	-
Pupil Transportation	160,846.08	-	-	160,846.08
Food Service	26,364.00	-	-	26,364.00
Community Services	-	-	-	-
Lease Payments (P+I)	8,409,687.92	-	(8,409,687.92)	-
Capital Outlay	257,084.97	-	-	257,084.97
Debt Service:				
Principal	412,909.11	6,865,000.00	-	7,277,909.11
Interest and Charges	35,502.82	1,549,392.08	-	1,584,894.90
Total Support Services	9,747,702.51	8,414,392.08	(8,409,687.92)	9,752,406.67
Revenues Over (Under)				
Expenditures	1,532,439.56	(4,704.16)	-	1,527,735.40
Other Financing Sources (Uses):				
Transfers	26,364.00	-	-	26,364.00
Sale of Property	1,328.83	-	-	1,328.83
Cost of Issuance	(10,890.50)	-	-	(10,890.50)
COP'S issued (2015)	-	-	-	-
Debt Retired from Refinancing (2005 Series)	-	(9,830,000.00)	-	(9,830,000.00)
Interest on Investments	-	265.72	-	265.72
Total Other Financing Sources (Uses)	16,802.33	(9,829,734.28)	-	(9,812,931.95)
NET CHANGE IN FUND BALANCES	1,549,241.89	(9,834,438.44)	-	(8,285,196.55)
Fund Balances July 1, 2015	7,151,093.31	10,251,792.17		17,402,885.48
Fund Balances June 30, 2016	\$ 8,700,335.20	\$ 417,353.73		\$ 9,117,688.93

*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.