

ST. CHARLES R-VI SCHOOL DISTRICT

ST. CHARLES, MISSOURI

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2018

ST. CHARLES R-VI 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
St. Charles R-VI School District

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of St. Charles R-VI School District ("District"), Missouri, as of and for the year ended June 30, 2018, 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 and each major fund of the District as of June 30, 2018, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified basis of accounting described in Note I.

Basis of Accounting

We draw attention to Note I of the financial statements, which 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 the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 37 through 41 and the schedule of expenditures of federal awards presented on page 53 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.

The management's discussion and analysis on pages 3 through 11 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 August 17, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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

August 17, 2018

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)



**The School District of the City of St. Charles
Management Discussion and Analysis**

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

Following is a discussion and analysis of the District's financial performance, which provides an overview of the financial activities for the fiscal year-ended June 30, 2018. This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement NO. 34: *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments* issued June 2000.

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

ENROLLMENT

The City of St. Charles school district is a seven-director district with an organizational structure that includes twelve campuses (six elementary, two middle schools, two high schools, one area vocational /technical school and one alternative school), an administration center and maintenance and receiving center. All Kindergarten through 4th grade children attends one of the following elementary schools: Blackhurst, Coverdell, Harris, Lincoln, Monroe and Null. Whereas, all 5th and 6th grade children attend Jefferson Middle School and all 7th and 8th grade children attend Hardin Middle. The 9th through 12th comprehensive schools are St. Charles High and St. Charles West. The Alternative School is housed on the campus of St. Charles High School. Currently, an Early Childhood Center is under construction for a grand opening date of August 2018. The District FTE Membership was 4,786.15 for the Fall Count 2017-18, which was down from 4,816.69 for the Fall Count 2016-2017.

FINANCIAL HIGHLIGHTS

On January 1, 2014, the St. Charles City School District switched to a Self-Funded Health Insurance product. The District still offers the same three health products as before inclusive of the Premium Product, Base Product and the Health Savings Product. With the district paying fully contributing the employee only cost for the premium product. The third-party administrator (TPA) is Anthem. Coverage for the District's Dental, Vision, Life and Short-Term Disability was not modified and is considered fully funded. On January 19, 2016, the St. Charles City School District opened The Bridge Health Center which provides convenient and affordable access to health care staffed with a Nurse Practitioner. The Bridge Health Center offers acute care, preventive care, chronic condition management, and occupational health services. On April 4, 2017 the PROP KIDS was approved and on June 20, 2017 funds for the \$47m bond issue was received.

The District's financial statements provide insight into the results of this year's operations. The overall condition of all funds, both instructional financial activities, remains stable for the school district. The District is making positive movement towards it financial goals. Continued progress will ensure the availability of resources in coming years. The School District's 2017-18 Unrestricted Ending Fund Balance (Incidental and Teachers Funds) was 29.58% down from 32.66% from 2016-17.

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)

USING THIS ANNUAL REPORT

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

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

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Position and the Changes In Net Position

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

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

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

Business-type Activities: This fund is used to account for services provided to constituent school districts where all or most of the costs involved are recovered through services charged to the users.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

These governmental funds use the following accounting approach:

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

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)

THE SCHOOL DISTRICT AS A TRUSTEE

Reporting the School District's Fiduciary Responsibilities

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

	2017-2018	2016-2017	% of Change
Endowments	\$294,572.84	\$291,469.87	1.065%

THE SCHOOL DISTRICT AS A WHOLE

<u>2017-18</u>	General Fund	Special Fund	Debt Svc Fund	Capital Fund	Total All Funds
End Fund Bal, w/Restricted	23,096,201.86	-	3,372,249.41	32,049,206.16	58,517,657.43
Less Restricted:					
Debt Service			3,372,249.41		3,372,249.41
Professional Development	24,302.92				24,302.92
Endowments	294,572.84				294,572.84
Self-Insurance	929,487.26				929,487.26
Bond Proceeds				31,071,412.44	31,071,412.44
End Fund Bal, Unrestricted	21,847,838.84	-	-	977,793.72	22,825,632.56

The District may use the unreserved portion of its net assets to meet future spending. A comparative analysis of fiscal year 2017-18 to 2016-17 follows:

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

	Governmental Activities		Business-type Activities		Total School District		% of Change
	<u>2017-18</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2015-16</u>	
Current Assets	56,274,146.81	76,639,138.47			56,274,146.81	76,639,138.47	-26.57%
Student Activities			1,019,450.52	941,505.47	1,019,450.52	941,505.47	8.28%
Self-Insurance			929,487.26	974,281.06	929,487.26	974,281.06	-4.60%
Endowments	294,572.84	291,469.87			294,572.84	291,469.87	1.06%
Current Liabilities	-	-			-	-	-
Total Net Position	56,568,719.65	76,930,608.34	1,948,937.78	1,915,786.53	58,517,657.43	78,846,394.87	

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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

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

	Governmental Activities		Business-type Activities		Total School District		% of Change
	<u>2017-18</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2016-17</u>	
Revenues:							
Local Taxes	59,760,783.67	56,945,524.20			59,760,783.67	56,945,524.20	4.94%
Other Local Taxes	4,787,811.24	7,469,008.86		1,073,088.30	4,787,811.24	8,542,097.16	-43.95%
County	1,006,320.58	1,045,202.48			1,006,320.58	1,045,202.48	-3.72%
State	12,472,383.29	12,947,908.97			12,472,383.29	12,947,908.97	-3.67%
Federal Bond Rer/Prop Sale/Ins	3,475,537.35	4,943,710.31			3,475,537.35	4,943,710.31	-29.70%
	423,286.24	47,341,426.54			423,286.24	47,341,426.54	-99.11%
Other Revenue	2,004,811.09	1,820,276.64			2,004,811.09	1,820,276.64	10.14%
Total	83,930,933.46	132,513,058.00	-	1,073,088.30	83,930,933.46	133,586,146.30	-37.17%
Expenditures:							
Instruction	41,904,411.31	39,461,513.28			41,904,411.31	39,461,513.28	6.19%
Student Activity			2,265,487.96	2,113,832.11	2,265,487.96	2,113,832.11	7.17%
Tuition	1,191,274.08	1,110,742.04			1,191,274.08	1,110,742.04	7.25%
Student Services	2,626,338.90	2,744,072.49			2,626,338.90	2,744,072.49	-4.29%
Instr Staff Improve	1,526,734.16	1,482,469.11			1,526,734.16	1,482,469.11	2.99%
Executive Admin	6,245,030.26	2,940,149.91			6,245,030.26	2,940,149.91	112.41%
Building Admin	4,821,487.09	4,698,696.80			4,821,487.09	4,698,696.80	2.61%
Operation of Plant	7,114,072.26	7,017,506.61			7,114,072.26	7,017,506.61	1.38%
Transportation	3,416,537.46	3,013,243.38			3,416,537.46	3,013,243.38	13.38%
Food Service	2,090,801.84	2,099,653.47			2,090,801.84	2,099,653.47	-0.42%
Central Office Admin	548,801.77	3,270,544.07			548,801.77	3,270,544.07	-83.22%
Other Support Svcs	116,594.81	162,958.37			116,594.81	162,958.37	-28.45%
Adult Ed/Cust Train	752,893.48	1,431,579.38			752,893.48	1,431,579.38	-47.41%
Community Service	888,943.86	847,847.80			888,943.86	847,847.80	4.85%
Facilities Acq/Constr Principal, Interest, Fees	20,803,579.25	1,009,655.36			20,803,579.25	1,009,655.36	1960.46%
	7,946,682.41	9,262,008.10			7,946,682.41	9,262,008.10	-14.20%
Total	101,994,182.94	80,552,640.17	2,265,487.96	2,113,832.11	104,259,670.90	82,666,472.28	26.12%
<i>*note, Tech Svc moved from Central Office to Executive Admin</i>							
Inc/(Dec) Net Position	(18,063,249.48)	51,960,417.83	(2,265,487.96)	(1,040,743.81)	(20,328,737.44)	50,919,674.02	-63.29%

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)

As reported in the Statement of Position, the cost of all of the District's governmental activities this year was \$101,994,182.94. However, the amount that taxpayers ultimately financed for these activities through School District Local taxes was only \$59,760,783.67 (local revenue) because some of the costs were paid by other local sources (\$4,787,811.24); county (\$1,006,320.58); state (\$12,472,383.29); federal (\$3,475,537.35); with additional revenue from either bond proceeds or sale of property (\$423,286.24 which will be expended in upcoming fiscal years) and other sources (\$2,004,811.09). Note, during fiscal year 2016-2017 there was a bond proceeds and sale of other property equaling \$47,341,426.54 which is being spent over the next several years (for example, the Early Childhood Center).

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

Total vs Net Cost of Services						
Year Ended June 30						
(in millions)						
	Total		% of	Net		% of
	Cost of Services			Cost of Services		
	<u>2017-18</u>	<u>2016-17</u>	Change	<u>2017-18</u>	<u>2016-17</u>	Change
Government Activities:						
Instruction	41,904,411.31	39,461,513.28	6.19%	33,915,225.53	32,085,027.06	5.70%
Tuition	1,191,274.08	1,110,742.04	7.25%	1,191,274.08	1,110,742.04	7.25%
Student Services	2,626,338.90	2,744,072.49	-4.29%	1,478,273.77	1,604,092.68	-7.84%
Instr Staff Improve	1,526,734.16	1,482,469.11	2.99%	1,203,120.99	1,157,674.78	3.93%
Executive Admin	6,245,030.26	2,940,149.91	112.41%	4,959,648.51	2,333,676.46	112.53%
Building Admin	4,821,487.09	4,698,696.80	2.61%	4,403,836.46	4,289,261.58	2.67%
Operation of Plant	7,114,072.26	7,017,506.61	1.38%	6,455,798.96	6,175,879.84	4.53%
Transportation	3,416,537.46	3,013,243.38	13.38%	3,022,473.54	2,638,436.93	14.56%
Food Service	2,090,801.84	2,099,653.47	-0.42%	2,071,948.15	2,084,798.07	-0.62%
Central Office Admin	548,801.77	3,270,544.07	-83.22%	509,120.62	2,935,945.73	-82.66%
Other Support Svcs	116,594.81	162,958.37	-28.45%	116,594.81	162,958.37	-28.45%
Adult Ed/Cust Train	752,893.48	1,431,579.38	-47.41%	407,234.28	467,819.58	-12.95%
Community Service	888,943.86	847,847.80	4.85%	280,442.39	300,227.38	-6.59%
Facilities Acq/Constr	20,803,579.25	1,009,655.36	1960.46%	20,803,579.25	1,009,655.36	1960.46%
Principal, Interest, Fees	7,946,682.41	9,262,008.10	-14.20%	7,165,599.88	9,262,008.10	-22.63%
Total Gov Activity	101,994,182.94	80,552,640.17	26.62%	87,984,171.22	67,618,203.96	30.12%
<i>*note, Tech Svc moved from Central Office to Executive Admin</i>						
Business Type Activities:						
Student Activities	2,265,487.96	2,113,832.11	7.17%			
Total Business Activities	2,265,487.96	2,113,832.11				
Total	104,259,670.90	82,666,472.28	26.12%			

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)

MAJOR GOVERNMENTAL FUNDS BUDGETING & OPERATING HIGHLIGHTS

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

GENERAL FUND

The General Fund actual revenue was \$38,052,439.24. That amount exceeds the ending budget estimate of \$31,636,284.00 reflected in the financial summary.

The actual expenditures of the General Fund were \$28,673,860.59; which is below the ending budget estimate of \$30,120,664.00 in the financial summary.

The General Fund had a beginning balance of 24,507,131.60; total revenue of \$38,052,439.24; expenditures of \$28,673,860.59; and transfers-out totaling \$10,789,508.39; resulting in an ending balance of \$23,096,201.86 with a restricted balance of \$1,248,363.02 that pertains to Professional Development of \$24,302.92 and established endowments for student scholarships of \$294,572.84 and Self-Insurance of \$929,487.26.

SPECIAL FUND

The Special Revenue Fund actual revenue was \$34,441,018.17. That amount is below the ending budget estimate of \$43,368,245.00 reflected in the financial summary.

The actual expenditures of the Special Fund were \$45,183,144.64; which is below the ending budget estimate of \$47,001,400.00 in the financial summary.

The Special Fund had a zero beginning balance; total revenue of \$34,441,018.17; expenditures of \$45,183,144.64; and transfers-in totaling \$10,742,126.47 resulting in a zero ending balance.

DEBT SERVICE FUND

The Debt Service Fund actual revenue was \$7,927,231.25. That amount is above the ending budget estimate of \$7,785,069.00 reflected in the financial summary.

The actual expenditures of the Debt Service Fund were \$7,018,462.50; which is above the ending budget estimate of \$6,171,714.00 in the financial summary.

The Debt Service Fund had a beginning balance of \$2,463,480.66; total revenue of \$7,927,231.25; expenditures of \$7,018,462.50; and zero transfers; resulting in an ending balance of \$3,372,249.41.

CAPITAL PROJECTS FUND

The Capital Projects Fund actual revenue was \$3,510,244.80. That amount exceeds the ending budget estimate of \$2,194,895.00 reflected in the financial summary.

The actual expenditures of the Capital Projects Fund were \$23,384,203.17; which is above the ending budget estimate of \$2,705,024.00 in the financial summary (*Bond Issue expenditures were not included in the budget*).

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)

CAPITAL PROJECTS FUND (Concluded)

The Capital Projects Fund had a beginning balance of \$51,875,782.61 (of which \$51,712,653.70 was related to Bond Issue); total revenue of \$3,510,244.80; expenditures of \$23,384,203.17; and transfers-in equaling \$47,381.92 (\$40,995.00 was Food Service and \$6,386.92 was Student Activity); resulting in an ending balance of \$32,049,206.16 – of which \$31,071,412.44 relates to Bond Issue.

GOVERNMENTAL FUND REVENUES

The total *governmental* fund revenues of the District were \$83,930,933.46 the breakdown by dollar and percentage are as follows:

Revenues:		
Local Taxes	59,760,783.67	71.20%
Other Local Taxes	4,787,811.24	5.70%
County	1,006,320.58	1.20%
State	12,472,383.29	14.86%
Federal	3,475,537.35	4.14%
Bond Rev/Prop Sale/Ins	423,286.24	.50%
Other Revenue	2,004,811.09	2.39%
Total	83,930,933.46	100.00%

DEBT ADMINISTRATION

Outstanding Debt

As of June 30, 2018, the School District had \$54,500,000.00 in general obligation bonds outstanding. This is a 8.88% decrease from the prior year's indebtedness of \$59,810,000.00. The yearly amount of bonds outstanding is a legal obligation of St. Charles City School District. The revenue source for the repayment of all outstanding debt is local taxes generated with a dedicated tax levy especially for these obligations. Annual debt service principal and interest payments are made in accordance with an amortization schedule. The School District has maintained and continues to maintain an AAA insured bond rating. A state statute sets the amount of general obligation debt that a school district may issue. The current debt limitation for St. Charles City School District is greater than the outstanding debt of the District.

	2017-18	2016-17	Percent of change
General Obligation Bonds	\$54,500,000.00	\$59,810,000.00	(8.88%)

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

	2017-18	2016-17	Percent of change
Lease Purchase: BABS	\$135,000.00	\$265,000.00	(49.06%)

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Outstanding Debt (concluded)

St. Charles has entered into a lease purchase as of March 01, 2016 in the amount of \$950,000.00 for a Preschool Center that is for a ten year period.

	2017-18	2016-17	Percent of change
Lease Purchase: Preschool	\$700,000.00	\$790,000.00	(11.39%)

St. Charles has entered into a lease purchase as of February 17, 2016 in the amount of \$3,250,000.00 for 30 busses for a ten year period

	2017-18	2016-17	Percent of change
Lease Purchase: Buses	\$2,603,142.56	\$2,891,910.84	(9.99%)

St. Charles has entered into a lease purchase as of June 25, 2018 in the amount of \$593,404.00 for 10 busses for a ten year period

	2017-18	2016-17	Percent of change
Lease Purchase: Buses	\$ 593,404.00	\$ 0.00	100.00%

Finally, the St. Charles City School District has entered into various leases with Dell Manufacturing.

	2017-18	2016-17	Percent of change
Lease Purchase: Dell 2015 (4yr)	\$ 0.00	\$71,923.77	(100.00%)

	2017-18	2016-17	Percent of change
Lease Purchase: Dell 2016 (3yr)	\$ 0.00	\$66,899.90	(100.00%)

	2017-18	2016-17	Percent of change
Lease Purchase: Dell 2017 (3yr)	\$92,821.72	\$241,500.00	(42.59%)

	2017-18	2016-17	Percent of change
Lease Purchase: Dell 2018 (3yr)	\$385,527.65	\$ 0.00	100.00%

ST. CHARLES R-VI SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)

ADMINISTRATION

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Superintendent

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Juliet McClard

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Special Education
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BASIC FINANCIAL STATEMENTS

ST. CHARLES R-VI SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
AS OF JUNE 30, 2018

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents (Note II)	\$ 22,825,632.56
Total current assets	22,825,632.56
Restricted assets:	
Professional Development	
Cash	24,302.92
Student Scholarships	
Cash	294,572.84
Self-Insurance	
Cash	929,487.26
Capital Projects	
Cash	31,071,412.44
Debt Service	
Cash	3,372,249.41
Total restricted assets	35,692,024.87
Total assets	58,517,657.43
Net Position	
Restricted for:	
Professional Development	24,302.92
Student Scholarships	294,572.84
Self-Insurance	929,487.26
Capital Projects	31,071,412.44
Debt Service	3,372,249.41
Unrestricted	22,825,632.56
Total net position	\$ 58,517,657.43

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

ST. CHARLES R-VI SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018

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:					Governmental Activities
Instruction	\$ 45,361,173.35	\$ 3,347,540.51	\$ 13,569,929.47	\$ 623,288.02	\$ (27,820,415.35)
Attendance	78,042.57	-	-	-	(78,042.57)
Guidance	1,737,176.11	-	-	-	(1,737,176.11)
Health, Psych Speech and Audio	811,120.22	-	-	-	(811,120.22)
Improvement of Instruction	713,673.10	-	53,163.02	-	(660,510.08)
Professional Development	65,740.20	-	-	-	(65,740.20)
Media Services (Library)	747,320.86	-	-	-	(747,320.86)
Board of Education Services	451,753.99	-	-	-	(451,753.99)
Executive Administration	5,793,276.27	-	-	-	(5,793,276.27)
Building Level Administration	4,821,487.09	-	-	-	(4,821,487.09)
Business Central Service	-	-	-	-	-
Operation of Plant	6,786,693.61	-	-	-	(6,786,693.61)
Security Services	327,378.65	-	-	-	(327,378.65)
Pupil Transportation	3,416,537.46	38,954.00	503,420.00	-	(2,874,163.46)
Food Services	2,090,801.84	964,373.27	1,198,120.13	-	71,691.56
Central Office Support Services	548,801.77	-	-	-	(548,801.77)
Other Supporting Services	116,594.81	-	-	-	(116,594.81)
Adult Education	752,893.48	-	-	-	(752,893.48)
Community Services	888,943.86	-	155,105.66	-	(733,838.20)
Capital Outlay	20,803,579.25	-	-	-	(20,803,579.25)
Debt Service:					
Principal Retirement	6,111,443.61	-	-	-	(6,111,443.61)
Interest and Fiscal Charges	1,835,238.80	-	-	-	(1,835,238.80)
Total Governmental activities	\$ 104,259,670.90	\$ 4,350,867.78	\$ 15,479,738.28	\$ 623,288.02	(83,805,776.82)
General revenues:					
Property taxes, levied for general purposes					46,923,366.39
Property taxes, levied for debt service					7,673,904.20
Other taxes					1,653,042.13
Prop C - Sales tax					4,865,237.15
Federal, State and County aid not restricted to specific purposes					1,006,320.58
Interest and investment earnings					931,882.69
Bond Proceeds					-
Refunding Bonds Proceeds					-
Miscellaneous					423,286.24
Subtotal, general revenues					63,477,039.38
Change in net position					(20,328,737.44)
Net position July 1, 2017					78,846,394.87
Net position June 30, 2018					\$ 58,517,657.43

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

**ST. CHARLES R-VI SCHOOL DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS
ALL GOVERNMENTAL FUNDS
AS OF JUNE 30, 2018**

	<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)	\$ 21,847,838.84	\$ -	\$ -	\$ 977,793.72	\$ 22,825,632.56
Restricted Assets:					
Professional Development					
Cash	24,302.92	-	-	-	24,302.92
Student Scholarships					
Cash	294,572.84	-	-	-	294,572.84
Self-Insurance					
Cash	929,487.26	-	-	-	929,487.26
Capital Projects					
Cash	-	-	-	31,071,412.44	31,071,412.44
Debt Service					
Cash	-	-	3,372,249.41	-	3,372,249.41
Total Assets	<u>\$ 23,096,201.86</u>	<u>\$ -</u>	<u>\$ 3,372,249.41</u>	<u>\$ 32,049,206.16</u>	<u>\$ 58,517,657.43</u>
LIABILITIES AND FUND BALANCES					
Total Liabilities	-	-	-	-	-
Fund Balances (Note I):					
Restricted for:					
Professional Development	24,302.92	-	-	-	24,302.92
Capital Projects	-	-	-	31,071,412.44	31,071,412.44
Debt Service	-	-	3,372,249.41	-	3,372,249.41
Self Insurance	929,487.26	-	-	-	929,487.26
Student Scholarships	294,572.84	-	-	-	294,572.84
Committed for:					
Stabilization Reserve	-	-	-	-	-
Assigned to:					
Capital Projects	-	-	-	977,793.72	977,793.72
Unassigned	21,847,838.84	-	-	-	21,847,838.84
Total Liabilities and Fund Balances	<u>\$ 23,096,201.86</u>	<u>\$ -</u>	<u>\$ 3,372,249.41</u>	<u>\$ 32,049,206.16</u>	<u>\$ 58,517,657.43</u>

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

ST. CHARLES R-VI SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues					
Local Sources	\$ 27,283,816.47	\$ 26,477,983.44	\$ 7,751,029.00	\$ 3,035,766.00	\$ 64,548,594.91
County Sources	685,140.82	105,057.91	176,202.25	39,919.60	1,006,320.58
State Sources	4,992,776.84	7,192,418.56	-	287,187.89	12,472,383.29
Federal Sources	2,763,124.67	657,068.29	-	55,344.39	3,475,537.35
TOTAL REVENUES	35,724,858.80	34,432,528.20	7,927,231.25	3,418,217.88	81,502,836.13
Expenditures					
Current					
Regular Instruction	6,964,470.95	37,776,854.13	-	619,848.27	45,361,173.35
Attendance	78,042.57	-	-	-	78,042.57
Guidance	411,494.48	1,325,681.63	-	-	1,737,176.11
Health, Psych Speech & Audio	706,565.60	104,554.62	-	-	811,120.22
Improvement of Instruction	388,096.69	325,576.41	-	-	713,673.10
Professional Development	41,297.92	24,442.28	-	-	65,740.20
Media Services	88,618.52	658,702.34	-	-	747,320.86
Board of Education Services	451,753.99	-	-	-	451,753.99
Executive Administration	3,913,561.01	1,210,402.85	87.62	669,224.79	5,793,276.27
Building Level Administration	1,661,208.42	3,157,464.04	-	2,814.63	4,821,487.09
Business Central Services	-	-	-	-	-
Operation of Plant	6,535,476.92	-	-	251,216.69	6,786,693.61
Security Services	312,767.38	-	-	14,611.27	327,378.65
Pupil Transportation	3,251,758.58	148,878.88	-	15,900.00	3,416,537.46
Food Service	2,049,806.84	-	-	40,995.00	2,090,801.84
Central Office Support Services	511,096.03	-	-	37,705.74	548,801.77
Other Supporting Services	116,594.81	-	-	-	116,594.81
Adult Continuing Education	752,893.48	-	-	-	752,893.48
Community Services	438,356.40	450,587.46	-	-	888,943.86
Capital Outlay	-	-	-	20,803,579.25	20,803,579.25
Debt Service:					
Principal	-	-	5,310,000.00	801,443.61	6,111,443.61
Interest and Charges	-	-	1,708,374.88	126,863.92	1,835,238.80
Total Expenditures	28,673,860.59	45,183,144.64	7,018,462.50	23,384,203.17	104,259,670.90
Excess (deficiency) of revenues over expenditures	7,050,998.21	(10,750,616.44)	908,768.75	(19,965,985.29)	(22,756,834.77)
Other Financing Sources (Uses):					
Transfers	(10,789,508.39)	10,742,126.47	-	47,381.92	-
Sale of Bonds	-	-	-	-	-
Net Insurance Recovery	25,925.32	-	-	-	25,925.32
Sale of School Buses	-	-	-	-	-
Sale of Other Property	305,334.00	-	-	92,026.92	397,360.92
Refunding Bonds	-	-	-	-	-
Tuition from other Districts	-	8,489.97	-	-	8,489.97
Area Voc Fees from Other LEAS	1,865,833.01	-	-	-	1,865,833.01
Contracted Educational Services	91,534.11	-	-	-	91,534.11
Trans from other LEAS Non-Handi	38,954.00	-	-	-	38,954.00
Trans from other LEAS for Handi	-	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-	-
Total Other Financing Sources (Uses)	(8,461,927.95)	10,750,616.44	-	139,408.84	2,428,097.33
NET CHANGE IN FUND BALANCES	(1,410,929.74)	-	908,768.75	(19,826,576.45)	(20,328,737.44)
Fund Balances July 1, 2017	24,507,131.60	-	2,463,480.66	51,875,782.61	78,846,394.87
Fund Balances June 30, 2018	\$ 23,096,201.86	\$ -	\$ 3,372,249.41	\$ 32,049,206.16	\$ 58,517,657.43

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

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Charles R-VI School District ("District") operates under the regulations pursuant to Section 162.092 RSMo of the Public School Laws of Missouri, which designates a Board of Education to act as the governing authority. The District provides educational services.

As discussed further in Note I, these financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Principles Used to Determine Scope of Entity

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

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

Excluded from the reporting entity:

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

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

B. Basis of Presentation – Fund Accounting

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

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Fund Accounting (concluded)

Governmental Funds:

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

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

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

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

The School District's basic financial statements consist of government-wide statements, including a statement of net 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: Presents the financial condition of the government at year-end.

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

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

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and 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, inventories, receivables, capital assets, deferred outflows, short-term liabilities, long-term liabilities, and deferred inflows 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 but not yet paid, and other accrued expenses and liabilities) are not recorded in these financial statements. 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 School 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 would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

D. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments that is managed by the District Treasurer. Investments of the pooled accounts consist of certificates of deposit and MOSIP investments, carried at cost, which approximates market. Interest income earned is allocated to contributing funds based on cash and temporary investment balances.

E. Property and Equipment

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

F. Compensated Absences

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

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Teachers' Salaries

The District's salary payment schedule for the 2017-2018 school year requires paying salaries over a twelve-month period. Consequently, the July and August 2018 payroll checks are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

H. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy, which is based primarily on the District's obligation 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, 2018.
- 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 District servicing - held bonds and are restricted through debt covenants.
- Committed Fund Balance consists of funds set aside for a specific purpose by the District's highest level of decision - making authority, the Board of Education. Formal action, such as a vote of the Board of Education, must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.
- Assigned Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision - making authority, the Board of Education or a body or official, such as 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 it reserves the right to selectively spend Unassigned resources first to defer using these other classified funds.

As of June 30, 2018, fund balance components other than unassigned fund balances consist of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund	\$ -	\$ 1,248,363.02	\$ -	\$ -
Special Revenue (Teachers) Fund	-	-	-	-
Debt Service Fund	-	3,372,249.41	-	-
Capital Projects Fund	-	31,071,412.44	-	977,793.72
Total	<u>\$ -</u>	<u>\$ 35,692,024.87</u>	<u>\$ -</u>	<u>\$ 977,793.72</u>

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

I. Interfund Activity

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

J. Extraordinary and Special Items

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

K. Inventories

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

II. CASH AND CASH EQUIVALENTS

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

Deposits

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2018, the carrying amount of the District's pooled deposits and investments was \$58,517,657.43 and the bank balance was \$62,699,080.02. As of June 30, 2018, the U.S. Government guaranteed 100% of the District's investments through pledged securities and FDIC insurance.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

II. CASH AND CASH EQUIVALENTS (CONCLUDED)

SUMMARY OF CARRYING VALUES

The carrying values of deposits shown above are included in the financial statements at June 30, 2018, as follows:

Included in the following fund financial statement captions:	
<u>Balance Sheet – Governmental Funds</u>	
Unrestricted Deposits	\$ 22,825,632.56
Deposits Restricted for Professional Development	24,302.92
Deposits Restricted for Student Scholarships	294,572.84
Deposits Restricted for Self-Insurance	929,487.26
Deposits Restricted for Bond Proceeds	31,071,412.44
Deposits Restricted for Debt Service	<u>3,372,249.41</u>
Total	\$ <u>58,517,657.43</u>

Custodial Credit Risk – Deposits

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

Custodial Credit Risk – Investments

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

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 not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

The District discloses concentration of investment credit risk for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The District has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The District's deposits were not exposed to concentration of investment credit risk for the year ended June 30, 2018.

ST. CHARLES R-VI SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018

III. TAXES

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

The District also receives sales tax collected by the State, and it is remitted based on a prior year weighted average attendance. The assessed valuation of the tangible taxable property for the calendar year 2017, for purposes of local taxation, was:

	2017
Assessed Valuation	\$ 994,817,379

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2017, for purposes of local taxation, was:

	2017	
	Unadjusted	Adjusted
General (Incidental)Fund	\$ 2.0860	\$ 2.0860
Special Revenue Fund	2.3100	2.3100
Debt Service Fund	0.7500	0.7500
Capital Projects Fund	0.1900	0.1900
Total	\$ 5.3360	\$ 5.3360

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2018, aggregated approximately 100.06 % of the current assessment computed on the basis of the levy as shown above.

IV. CHANGES IN LONG-TERM DEBT

On November 8, 2012, the Series 2012 \$9,890,000 Original Principal St. Charles School District R-VI General Obligation Refunding Bonds were issued by St. Charles School District to provide funds to refund the District's outstanding General Obligation Series 2005A Bond from March 2018 through maturity and to pay the cost of issuing future bonds. The Series 2012 Bond is due in varying annual principal installments beginning on March 1, 2018, and continuing through March 1, 2018, and ranging from \$2,015,000 to \$5,310,000 with an interest rate from 4.25%. The bonds were paid off in the current year.

On May 8, 2014, the Series 2014 \$7,500,000 Original Principal St. Charles School District R-VI General Obligation Bonds were issued by St. Charles School District to provide funds to complete repairs and maintenance within the District. The Series 2014 Bond is due in varying annual principal installments beginning on March 1, 2019, and continuing through March 1, 2034, and ranging from \$300,000 to \$665,000 and with variable interest rates from 3.00% to 3.50%. Outstanding principal as of June 30, 2018, is \$7,500,000.

On June 20, 2017, the Series 2017 \$47,000,000 Original Principal St. Charles School District R-VI General Obligation Bonds were issued by St. Charles School District to provide funds to construct a new early childhood building and to complete repairs and maintenance within the District. The Series 2018 Bond is due in varying annual principal installments beginning on March 1, 2018, and continuing through March 1, 2037, and ranging from \$1,675,000 to \$3,750,000 and with variable interest rates from 2.00% to 5.00%. Outstanding principal as of June 30, 2018, is \$47,000,000.

ST. CHARLES R-VI SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018

IV. CHANGES IN LONG-TERM DEBT (CONTINUED)

The following is a summary of bond transactions for the year ended June 30, 2018:

Bonds Payable, July 1, 2017	\$59,810,000.00
Bonds Issued	-
Bonds Retired	<u>(5,310,000.00)</u>
Bonds Payable, June 30, 2018	<u>\$54,500,000.00</u>

General obligation bonds payable at June 30, 2018, are composed of the following individual issues:

Original Issue Amount	Date Issued	Maturity Date	Rate of Interest	Bonds Outstanding	Amounts Due Within One Year
\$ 9,890,000.00	11/08/2012	03/01/2018	4.25%	\$ -	\$ -
7,500,000.00	05/08/2014	03/01/2018	3.00% - 3.50%	7,500,000.00	300,000.00
\$ 47,000,000.00	06/20/2018	03/01/2037	2.00% - 5.00%	<u>47,000,000.00</u>	<u>3,000,000.00</u>
				<u>\$ 54,500,000.00</u>	<u>\$ 3,300,000.00</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2018, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 3,300,000.00	\$ 2,017,975.02	\$ 5,317,975.02
2020	3,825,000.00	1,918,975.02	5,743,975.02
2021	2,025,000.00	1,804,225.02	3,829,225.02
2022	2,080,000.00	1,760,225.02	3,840,225.02
2023	2,145,000.00	1,710,525.02	3,855,525.02
2024-2028	12,025,000.00	7,300,125.10	19,325,125.10
2029-2033	14,910,000.00	4,456,281.28	19,366,281.28
2034-2037	14,190,000.00	1,312,025.00	15,502,025.00
Totals	<u>\$ 54,500,000.00</u>	<u>\$ 22,280,356.48</u>	<u>\$ 76,780,356.48</u>

All of the Bond Principal and interest payments are paid out of 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 a district (including state-assessed railroad and utilities). The District did not exceed the legal debt margin at June 30, 2018.

Leasehold Purchases

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

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

IV. CHANGES IN LONG-TERM DEBT (CONTINUED)

Leasehold Purchases (Continued)

On June 1, 2015, St. Charles School District entered into a Lease Purchase with Dell Financial Services to purchase computer equipment. The lease term is 48 months with payments of \$74,846.60 due annually and a 4.06% interest rate. These payments are made out of the Capital Projects Fund.

On November 17, 2015, St. Charles School District entered into the 2015 Series Certificates of Participation for the Preschool. The amount borrowed was \$950,000.00 with a rate of interest from 0.7% to 3.0% and the COP's mature on 3/1/2025. These payments are made out of the Capital Projects Fund.

On February 17, 2016, St. Charles School District entered into a Lease Purchase with New Frontier Bank to purchase busses. The lease term is 120 months with payments ranging from \$1,533.73 to \$3,539.38 due monthly through 7/1/2018 followed by payments of \$182,701.96 due annually through 8/1/2025 and a 2.65% interest rate. These payments are made out of the Capital Projects Fund.

On February 17, 2016, St. Charles School District entered into a Lease Purchase with First State Bank to purchase busses. The lease term is 120 months with payments ranging from \$1,533.73 to \$3,539.38 due monthly through 7/1/2018 followed by payments of \$182,701.96 due annually through 8/1/2025 and a 2.65% interest rate. These payments are made out of the Capital Projects Fund.

On May 6, 2016, St. Charles School District entered into a Lease Purchase with Dell Financial Services to purchase computer equipment. The lease term is 36 months with payments of \$70,146.86 due annually and a 3.49% interest rate. These payments are made out of the Capital Projects Fund.

On May 8, 2017, St. Charles School District entered into a Lease Purchase with Dell Financial Services to purchase computer equipment. The lease term is 36 months with payments ranging from \$77,532.36 to \$97,805.59 due annually and a 5.42% interest rate. These payments are made out of the Capital Projects Fund.

On April 12, 2018, St. Charles School District entered into a Lease Purchase with Dell Financial Services to purchase computer equipment. The lease term is 48 months with payments ranging from \$85,000.00 to \$140,735.63 due annually and a 4.69% interest rate. These payments are made out of the Capital Projects Fund.

On June 15, 2018, St. Charles School District entered into a Lease Purchase with First State Bank to purchase busses. The lease term is 120 months with payments ranging from \$845.40 to \$68,432.82 due annually through 8/1/2027 and a 3.25% interest rate. These payments are made out of the Capital Projects Fund.

The following is a summary of Leasehold Purchase transactions for the year ended June 30, 2018:

Leasehold Purchases Payable, July 1, 2017	\$ 4,247,407.89
Leasehold Purchases Issued	1,063,931.65
Leasehold Purchases Retired	<u>(801,443.61)</u>
Leasehold Purchases Payable, June 30, 2018	<u>\$ 4,509,895.93</u>

A total of \$126,863.92 in interest payments were made on capital leases for the year ended June 30, 2018.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

IV. CHANGES IN LONG-TERM DEBT (CONCLUDED)

Leasehold Purchases (Concluded)

The annual requirements to amortize all lease purchases outstanding as of June 30, 2018, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 808,708.83	\$ 119,543.31	\$ 928,252.14
2020	579,012.98	106,138.58	685,151.56
2021	594,574.10	90,578.25	685,152.35
2022	475,318.74	70,060.50	545,379.24
2023	485,592.93	57,236.29	542,829.22
2024-2028	1,566,688.35	96,280.00	1,662,968.35
Totals	\$ 4,509,895.93	\$ 539,836.93	\$ 5,049,732.86

Operating Leases

On March 15, 2013, St. Charles School District entered into various operating leases with Enterprise Fleet Management Inc. to lease many vehicles. The lease term varies depending on the lease. Monthly payments range from \$532.24 to \$396.69 per vehicle with total payments of \$6,272.46 due monthly. These payments are made out of the General Fund.

On August 1, 2013, St. Charles School District entered into a lease agreement with Sovereign Leasing, LLC to lease 9 busses with an annual payment due in August in the amount of \$86,508.00. These payments are made out of the General Fund.

On April 25, 2018, St. Charles School District entered into a lease agreement with De Lage Landen Public Finance, LLC to lease postage machines for the District with an annual payment due in July in the amount of \$88,225.94. These payments are made out of the General Fund.

Future operating lease payments are as follows:

Fiscal Year Ending June 30,	Total
2019	\$ 354,731.91
2020	143,122.82
2021	127,242.62
2022	20,676.12
2023	10,519.57
Totals	\$ 656,293.04

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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.psrs-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 is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

V. RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan – PSRS (Concluded)

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

Cost-of-Living Adjustments ("COLA"). The PSRS Board has established a policy of providing a 0.00% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI increase is greater than 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 years 2016, 2017 and 2018. 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 \$5,409,086.26 for the year ended June 30, 2018.

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 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-

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

V. RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan – PEERS (Concluded)

time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psr-peers.org.

Cost-of-Living Adjustments ("COLA"). The PEERS Board has established a policy of providing a 0.00% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI increase is greater than 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. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2016, 2017 and 2018. 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 \$792,182.55 for the year ended June 30, 2018.

Pension Liabilities and Pension Expense - PSRS

At June 30, 2018, the District has a liability of \$54,161,439 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2017, 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 \$5,130,592 paid to PSRS for the year ended June 30, 2017, relative to the actual contributions of \$684,085,861 from all participating employers. At June 30, 2017, the District's proportionate share was 0.7500%.

Pension Liabilities and Pension Expense - PEERS

At June 30, 2018, the District has a liability of \$5,308,612 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2017, 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 \$767,047 paid to PEERS for the year ended June 30, 2017, relative to the actual contributions of \$110,244,418 from all participating employers. At June 30, 2017, the District's proportionate share was 0.6958%.

Actuarial Assumptions – PSRS and PEERS

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 Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

V. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions – PSRS and PEERS (Continued)

anticipated experience for the Systems, derived from experience studies conducted every fifth year. The most recent comprehensive studies were completed in June 2017. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the study and effective with the June 30, 2017, valuation. Significant actuarial assumption and method changes are detailed below. For additional information please refer to the Systems' CAFR. The next experience studies are scheduled for 2021.

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

- Measurement Date	June 30, 2017
- Valuation Date	June 30, 2017
- Expected Return on Investments	7.60%, net of investment expenses and including 2.25% inflation
- Inflation	2.25%
- Total Payroll Growth - PSRS	2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
- Total Payroll Growth - PEERS	3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
- Future Salary Increases - PSRS	3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
- Future Salary Increases - PEERS	4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
- Cost-of-Living Increases – Both	The long-term cost-of-living adjustment (COLA) assumed in the valuation is 1.20% to 1.65% over nine years beginning January 1, 2019. The COLA reflected for January 1, 2018, is 1.63%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.80% to a normative inflation assumption of 2.25% over nine years.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

V. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions – PSRS and PEERS (Continued)

- Cost-of-Living Increases – Both It is also based on the current policy of the Board grant a COLA on each January 1 as follows:

- If the June to June change in the CPI-U is less than 2% for consecutive one year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.

- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.

- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.

- If the CPI decrease decreases, no COLA is provided.

The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.

- Mortality Assumption

Actives - PSRS:#

RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

Actives - PEERS:#

RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

V. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions – PSRS and PEERS (Concluded)

Non-Disabled Retirees,

Beneficiaries and Survivors - PSRS:# RP 2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

Non-Disabled Retirees,

Beneficiaries and Survivors - PEERS:# RP 2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

Disabled Retirees - Both:#

RP 2006 Disabled Retiree Mortality Tables with static projection using the 2014 SSA Improvement Scale.

Changes in Actuarial Assumptions and Methods

The investment return and COLA assumptions were updated by the Board as follows based on changes to the Board's funding policy adopted at the November 3, 2017, meeting:

PSRS & PEERS:

The investment return assumption was lowered from 7.75% to 7.60% per year.

Fiduciary Net Position

The Systems issues a publicly available financial report (CAFR) that can be obtained at www.psr-peers.org.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

V. RETIREMENT PLAN (CONTINUED)

Expected Rate of Return

The long-term expected rate of return on investments was determined in accordance with Actuarial Standard Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2017, 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 Arithmetic Basis	Weighted Long-term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.16%	1.39%
Public Credit	7.0%	2.17%	0.15%
Hedged Assets	6.0%	4.42%	0.27%
Non-U.S. Public Equity	15.0%	6.01%	0.90%
U.S. Treasuries	16.0%	0.96%	0.15%
U.S. TIPS	4.0%	0.80%	0.03%
Private Credit	4.0%	5.60%	0.22%
Private Equity	12.0%	9.86%	1.18%
Private Real Estate	9.0%	3.56%	0.32%
Total	<u>100.0%</u>		<u>4.61%</u>
Inflation			<u>2.25%</u>
Long-term arithmetical nominal return			<u>6.86%</u>
Effect of coverage matrix			<u>0.74%</u>
Long-term expected geometric return			<u>7.60%</u>

- Discount Rate

The discount rate used to measure the total pension liability was 7.60% as of June, 30, 2017, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with June 30, 2016, valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board or Trustees further reduced the assumed rate of return to 7.6% effective with the June 30, 2017, valuation. 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.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

V. RETIREMENT PLAN (CONTINUED)

Expected Rate of Return (Concluded)

- 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 7.60% is presented as well as the net pension liability using a discount rate that is 1.0% lower (6.60%) or 1.0% higher (8.60%) than the current rate.

Discount Rate	<u>1% Decrease (6.60%)</u>	<u>Current Rate (7.60%)</u>	<u>1% Increase (8.60%)</u>
PSRS Proportionate share of the Net Pension			
Liability / (Asset)	\$96,193,719	\$54,161,439	\$19,217,355
PEERS Proportionate share of the Net Pension			
Liability / (Asset)	\$9,779,124	\$5,308,612	\$1,558,787

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
6/30/14	0.7123%	\$29,222,644	\$31,910,865	91.58%	89.34%
6/30/15	0.7079%	\$40,866,077	\$32,344,143	126.35%	85.78%
6/30/16	0.7338%	\$54,599,481	\$34,156,443	159.85%	82.18%
6/30/17	0.7500%	\$54,161,439	\$35,592,585	152.17%	83.77%

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
6/30/14	0.6461%	\$2,359,337	\$ 9,422,363	25.04%	91.33%
6/30/15	0.6637%	\$3,510,350	\$ 9,952,611	35.27%	88.28%
6/30/16	0.6773%	\$5,434,217	\$10,459,123	51.96%	83.32%
6/30/17	0.6958%	\$5,308,612	\$11,181,450	47.48%	85.35%

ST. CHARLES R-VI SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018

V. RETIREMENT PLAN (CONCLUDED)

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
6/30/13	\$4,576,352	\$4,576,352	\$ -	\$31,786,981	14.40%
6/30/14	4,587,171	4,587,171	-	31,910,865	14.37%
6/30/15	4,648,195	4,648,195	-	32,344,143	14.37%
6/30/16	4,915,631	4,915,631	-	34,156,443	14.39%
6/30/17	5,130,592	5,130,592	-	35,592,585	14.41%

Schedule of Employer Contributions - PEERS

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$642,668	\$642,668	\$ -	\$9,368,336	6.86%
6/30/14	646,375	646,375	-	9,422,363	6.86%
6/30/15	682,749	682,749	-	9,952,611	6.86%
6/30/16	717,496	717,496	-	10,459,123	6.86%
6/30/17	767,047	767,047	-	11,181,450	6.86%

VI. EARLY RETIREMENT ALTERNATIVE

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

VII. PARTICIPATION IN A PUBLIC ENTITY RISK POOL

The District is a member of the Missouri School Insurance Council (MUSIC), a protected, self-insurance program of approximately 467 Missouri Public School Districts and Junior College Districts. The District does not pay premiums to purchase insurance policies, but it does pay assessments to be a member of a self-sustaining, risk-sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. The District paid \$854,029 in annual assessments for this insurance.

VIII. CONTINGENCIES

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

The District is not involved in any pending litigation as of the audit report date.

ST. CHARLES R-VI SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018

IX. POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note V, the District allows employees who retire from the District to participate in the District's health and dental insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single-blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you go basis. A stand alone financial report is not available for the plan. During the year, 317 retirees participated in the District's insurance plans and paid premiums totaling \$952,668.84.

The District has 17 former employees that participated in Cobra as of June 30, 2018, paying total premiums of \$68,928.04.

X. INTERFUND TRANSFERS

During 2018, transfers were made to the Capital Projects Fund and Special Revenue Fund from the General Fund. The transfer to the Capital Projects Fund consists of \$40,995.00 for food service and \$6,386.92 for student activities. The maximum allowable transfer is the greater of the prior year guaranteed tax base or 9% of the prior June 30 line one entitlement. A transfer of \$10,742,126.47 was made to the Special Revenue Fund in order to achieve a zero balance in the account.

The following is a summary of interfund transfers for the year ended June 30, 2018.

Transfers From	Transfers To		Total
	Special Revenue (Teachers) Fund	Capital Projects Fund	
General (Incidental) Fund	\$ 10,742,126.47	\$ 47,381.92	\$ 10,789,508.39
	<u>\$ 10,742,126.47</u>	<u>\$ 47,381.92</u>	<u>\$ 10,789,508.39</u>

XI. SUBSEQUENT EVENTS

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

XII. TUITION RECEIVED

The District received money for tuition from Riverview Gardens School District and Normandy School District for the year ended June 30, 2018, due to the loss of its accreditation. Riverview Gardens and Normandy School District both 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, 2018, was \$544.06 for Riverview Gardens School District and \$7,945.91 for Normandy School District.

XIII. TAX ABATEMENT

The District is involved, through St. Charles County, in a tax abatement agreement with local businesses under the Urban Redevelopment Corporations under Ch. 353 of the RSMos. Under this program, localities may grant property tax abatements of up to 50% of a business' property tax bill for the purpose of providing Urban Redevelopment Corporations real property tax abatements.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

XIII. TAX ABATEMENT (CONCLUDED)

For the year ended June 30, 2018, the District abated property taxes totaling \$53,419.94 under this program, including the following tax abatement that made up for the entire abatement amount.

- A 50 percent property tax abatement to the Fifth Street Walgreens for opening the corporation under the program described above. The abatement amounted to \$53,419.94.

The District is involved, through the St. Charles County, in a tax abatement agreement with local businesses, pursuant to Article VI, section 27(b) of the Missouri Constitution, as amended, Sections 100.010 to 100.200, inclusive of the Missouri Revised Statutes, as amended. Under this program, localities may grant property tax abatements of up to 100% of a business' property tax and/or personal property tax bill for the purpose of providing local business expansions.

For the year ended June 30, 2017, the District abated property taxes totaling \$1,363,354.55 under this program, including the following tax abatement that made up for the entire abatement amount.

- A 100 percent property tax abatement to Best Buy under the program described above. The abatement amounted to \$37,792.61.
- A 100 percent property tax abatement to Reckitt Benckiser under the program described above. The abatement amounted to \$1,325,561.94.

The District is involved, through St. Charles County, in a tax abatement agreement with local businesses under a Tax Increment Finance District or (TIF). Missouri Revised Statute 99.845 gives municipalities the right to create TIFs for a defined area of land that is deemed blighted by the municipality. In short, after a TIF is established by ordinance, bonds are issued to cover the costs of demolition/environmental cleanup/utilities/roadways, and the assessed values of the parcels within the TIF are statutorily frozen by the Assessor's office, using the certified values for the year the ordinance was passed to form a base value for the TIF.

For the year ended June 30, 2018, the District abated property taxes totaling \$1,953,111.02 under this program, including the following tax abatements.

- A TIF property tax abatement to the West Clay Ext. Redevelopment under the program described above. The abatement amounted to \$472,228.42.
- A TIF property tax abatement to the St. Charles Plaza at Noah's Ark under the program described above. The abatement amounted to \$1,482,012.01.
- A TIF property tax abatement to the St. Peters Rt. 370 Redevelopment under the program described above. The abatement amounted to (\$1,129.41).

XIV. SELF-INSURANCE PLAN

The District has a self-insurance plan which covers substantially all employees' (and their dependents) medical and dental expenses. The District has purchased excess loss insurance coverage to protect it from any excessive liabilities that could result from medical claims in excess of \$125,000 per insured with an aggregate deductible of \$7,570,000 with Anthem Blue Cross Blue Shield for July 1, 2017, to December 31, 2017, and with UMR it is \$150,000 per insured with an aggregate deductible of \$8,527,371; or 100% of the monthly aggregate deductibles for the policy year; or the minimum aggregate deductible from January 1, 2018, to June 30, 2018.

SUPPLEMENTARY INFORMATION

ST. CHARLES R-VI SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Modified Cash Basis	Final
	Original	Final	Actual	to Actual
Revenues				
Local Sources	\$ 22,797,369.00	\$ 22,862,727.00	\$ 27,283,816.47	\$ 4,421,089.47
County Sources	366,844.00	366,844.00	685,140.82	318,296.82
State Sources	3,675,075.00	3,738,325.00	4,992,776.84	1,254,451.84
Federal Sources	2,555,806.00	2,555,806.00	2,763,124.67	207,318.67
TOTAL REVENUES	29,395,094.00	29,523,702.00	35,724,858.80	6,201,156.80
Expenditures				
Current				
Instruction	7,845,391.00	7,005,660.26	6,964,470.95	(41,189.31)
Attendance	78,586.00	78,586.00	78,042.57	(543.43)
Guidance	449,857.00	438,986.00	411,494.48	(27,491.52)
Health, Psych Speech & Audio	770,049.00	770,049.00	706,565.60	(63,483.40)
Improvement of Instruction	344,453.00	415,155.74	388,096.69	(27,059.05)
Professional Development	51,444.00	57,024.00	41,297.92	(15,726.08)
Media Services	91,912.00	94,857.00	88,618.52	(6,238.48)
Board of Education Services	502,024.00	500,024.00	451,753.99	(48,270.01)
Executive Administration	2,940,506.00	4,143,790.00	3,913,561.01	(230,228.99)
Building Level Administration	1,650,431.00	1,643,944.00	1,661,208.42	17,264.42
Business Central Services	-	-	-	-
Operation of Plant	7,534,334.00	7,504,538.00	6,535,476.92	(969,061.08)
Security Services	-	-	312,767.38	312,767.38
Pupil Transportation	3,338,178.00	3,350,628.00	3,251,758.58	(98,869.42)
Food Service	2,256,994.00	2,256,994.00	2,049,806.84	(207,187.16)
Central Office Support Services	1,634,714.00	472,899.00	511,096.03	38,197.03
Other Supporting Services	154,200.00	154,200.00	116,594.81	(37,605.19)
Adult Continuing Education	670,808.00	725,808.00	752,893.48	27,085.48
Community Services	517,277.00	507,521.00	438,356.40	(69,164.60)
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	30,831,158.00	30,120,664.00	28,673,860.59	(1,446,803.41)
Revenues Collected Over (Under)				
Expenditures	(1,436,064.00)	(596,962.00)	7,050,998.21	7,647,960.21
Other Financing Sources (Uses):				
Transfers	(3,571,708.00)	(3,633,155.00)	(10,789,508.39)	(7,156,353.39)
Sale of Bonds	-	-	-	-
Net Insurance Recovery	4,540.00	4,540.00	25,925.32	21,385.32
Sale of School Buses	-	-	-	-
Sale of Other Property	304,920.00	304,920.00	305,334.00	414.00
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	1,668,122.00	1,668,122.00	1,865,833.01	197,711.01
Contracted Educational Services	85,000.00	85,000.00	91,534.11	6,534.11
Trans from other LEAS Non-Handi	50,000.00	50,000.00	38,954.00	(11,046.00)
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	(1,459,126.00)	(1,520,573.00)	(8,461,927.95)	(6,941,354.95)
NET CHANGE IN FUND BALANCE	(2,895,190.00)	(2,117,535.00)	(1,410,929.74)	706,605.26
Fund Balance July 1, 2017	24,507,131.60	24,507,131.60	24,507,131.60	-
Fund Balance June 30, 2018	\$ 21,611,941.60	\$ 22,389,596.60	\$ 23,096,201.86	\$ 706,605.26

**ST. CHARLES R-VI SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Modified Cash Basis	Final
	Original	Final	Actual	to Actual
Revenues				
Local Sources	\$ 32,742,072.00	\$ 32,742,072.00	\$ 26,477,983.44	\$ (6,264,088.56)
County Sources	577,059.00	577,059.00	105,057.91	(472,001.09)
State Sources	8,661,592.00	8,661,592.00	7,192,418.56	(1,469,173.44)
Federal Sources	1,387,522.00	1,387,522.00	657,068.29	(730,453.71)
TOTAL REVENUES	43,368,245.00	43,368,245.00	34,432,528.20	(8,935,716.80)
Expenditures				
Current				
Instruction	38,959,152.00	39,010,784.00	37,776,854.13	(1,233,929.87)
Attendance	-	-	-	-
Guidance	1,466,382.00	1,468,379.00	1,325,681.63	(142,697.37)
Health, Psych Speech & Audio	153,191.00	153,191.00	104,554.62	(48,636.38)
Improvement of Instruction	539,239.00	548,318.00	325,576.41	(222,741.59)
Professional Development	34,024.00	32,763.00	24,442.28	(8,320.72)
Media Services	607,102.00	607,102.00	658,702.34	51,600.34
Board of Education Services	200,000.00	200,000.00	-	(200,000.00)
Executive Administration	1,034,768.00	1,154,414.00	1,210,402.85	55,988.85
Building Level Administration	3,195,615.00	3,195,615.00	3,157,464.04	(38,150.96)
Business Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Security Services	-	-	-	-
Pupil Transportation	-	-	148,878.88	148,878.88
Food Service	-	-	-	-
Central Office Support Services	119,951.00	305.00	-	(305.00)
Other Supporting Services	-	-	-	-
Adult Continuing Education	-	-	-	-
Community Services	630,529.00	630,529.00	450,587.46	(179,941.54)
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	46,939,953.00	47,001,400.00	45,183,144.64	(1,818,255.36)
Revenues Collected Over (Under)				
Expenditures	(3,571,708.00)	(3,633,155.00)	(10,750,616.44)	(7,117,461.44)
Other Financing Sources (Uses):				
Transfers	3,571,708.00	3,633,155.00	10,742,126.47	7,108,971.47
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	8,489.97	8,489.97
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	3,571,708.00	3,633,155.00	10,750,616.44	7,117,461.44
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance July 1, 2017	-	-	-	-
Fund Balance June 30, 2018	\$ -	\$ -	\$ -	\$ -

ST. CHARLES R-VI SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Modified Cash Basis	Final
	Original	Final	Actual	to Actual
Revenues				
Local Sources	\$ 7,639,496.00	\$ 7,639,496.00	\$ 7,751,029.00	\$ 111,533.00
County Sources	145,573.00	145,573.00	176,202.25	30,629.25
State Sources	-	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUES	7,785,069.00	7,785,069.00	7,927,231.25	142,162.25
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	-	-	-	-
Central Office Support Services	-	-	-	-
Other Supporting Services	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	5,440,000.00	5,440,000.00	5,310,000.00	(130,000.00)
Interest and Charges	731,714.00	731,714.00	1,708,374.88	976,660.88
Total Expenditures	6,171,714.00	6,171,714.00	7,018,374.88	846,660.88
Revenues Collected Over (Under)				
Expenditures	1,613,355.00	1,613,355.00	908,856.37	(704,498.63)
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	1,613,355.00	1,613,355.00	908,856.37	(704,498.63)
Fund Balance July 1, 2017	2,463,480.66	2,463,480.66	2,463,480.66	-
Fund Balance June 30, 2018	\$ 4,076,835.66	\$ 4,076,835.66	\$ 3,372,337.03	\$ (704,498.63)

ST. CHARLES R-VI SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Modified Cash Basis Actual	Final to Actual
	Original	Final		
Revenues				
Local Sources	\$ 1,840,660.00	\$ 1,844,160.00	\$ 3,035,766.00	\$ 1,191,606.00
County Sources	29,114.00	29,114.00	39,919.60	10,805.60
State Sources	306,541.00	306,541.00	287,187.89	(19,353.11)
Federal Sources	-	-	55,344.39	55,344.39
TOTAL REVENUES	2,176,315.00	2,179,815.00	3,418,217.88	1,238,402.88
Expenditures				
Current				
Instruction	622,031.00	647,315.00	619,848.27	(27,466.73)
Attendance	-	-	-	-
Guidance	-	-	-	-
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	-	-	-	-
Professional Development	-	-	-	-
Media Services	-	-	-	-
Board of Education Services	209,593.00	209,593.00	-	(209,593.00)
Executive Administration	457,872.00	468,246.00	669,224.79	200,978.79
Building Level Administration	1,644.00	1,644.00	2,814.63	1,170.63
Business Central Services	-	-	-	-
Operation of Plant	384,015.00	384,015.00	251,216.69	(132,798.31)
Security Services	-	-	14,611.27	14,611.27
Pupil Transportation	-	15,900.00	15,900.00	-
Food Service	-	-	40,995.00	40,995.00
Central Office Support Services	40,822.00	40,822.00	37,705.74	(3,116.26)
Other Supporting Services	-	-	-	-
Adult Continuing Education	-	-	-	-
Community Services	-	-	-	-
Facilities Acquisition	-	-	-	-
Capital Outlay	-	-	20,803,579.25	20,803,579.25
Debt Service:				
Principal	808,770.00	801,470.00	801,443.61	(26.39)
Interest and Charges	137,221.00	136,019.00	126,863.92	(9,155.08)
Total Expenditures	2,661,968.00	2,705,024.00	23,384,203.17	20,679,179.17
Revenues Collected Over (Under)				
Expenditures	(485,653.00)	(525,209.00)	(19,965,985.29)	(19,440,776.29)
Other Financing Sources (Uses):				
Transfers	-	-	47,381.92	47,381.92
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	15,080.00	15,080.00	92,026.92	76,946.92
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Total Other Financing Sources (Uses)	15,080.00	15,080.00	139,408.84	124,328.84
NET CHANGE IN FUND BALANCE	(470,573.00)	(510,129.00)	(19,826,576.45)	(19,316,447.45)
Fund Balance July 1, 2017	51,875,782.61	51,875,782.61	51,875,782.61	-
Fund Balance June 30, 2018	\$ 51,405,209.61	\$ 51,365,653.61	\$ 32,049,206.16	\$ (19,316,447.45)

ST. CHARLES R-VI SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS - ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Modified Cash Basis	Final
	Original	Final	Actual	to Actual
Revenues				
Local Sources	\$ 65,019,597.00	\$ 65,088,455.00	\$ 64,548,594.91	\$ (539,860.09)
County Sources	1,118,590.00	1,118,590.00	1,006,320.58	(112,269.42)
State Sources	12,643,208.00	12,706,458.00	12,472,383.29	(234,074.71)
Federal Sources	3,943,328.00	3,943,328.00	3,475,537.35	(467,790.65)
TOTAL REVENUES	82,724,723.00	82,856,831.00	81,502,836.13	(1,353,994.87)
Expenditures				
Current				
Instruction	47,426,574.00	46,663,759.26	45,361,173.35	(1,302,585.91)
Attendance	78,586.00	78,586.00	78,042.57	(543.43)
Guidance	1,916,239.00	1,907,365.00	1,737,176.11	(170,188.89)
Health, Psych Speech & Audio	923,240.00	923,240.00	811,120.22	(112,119.78)
Improvement of Instruction	883,692.00	963,473.74	713,673.10	(249,800.64)
Professional Development	85,468.00	89,787.00	65,740.20	(24,046.80)
Media Services	699,014.00	701,959.00	747,320.86	45,361.86
Board of Education Services	911,617.00	909,617.00	451,753.99	(457,863.01)
Executive Administration	4,433,146.00	5,766,450.00	5,793,188.65	26,738.65
Building Level Administration	4,847,690.00	4,841,203.00	4,821,487.09	(19,715.91)
Business Central Services	-	-	-	-
Operation of Plant	7,918,349.00	7,888,553.00	6,786,693.61	(1,101,859.39)
Security Services	-	-	327,378.65	327,378.65
Pupil Transportation	3,338,178.00	3,366,528.00	3,416,537.46	50,009.46
Food Service	2,256,994.00	2,256,994.00	2,090,801.84	(166,192.16)
Central Office Support Services	1,795,487.00	514,026.00	548,801.77	34,775.77
Adult Continuing Education	670,808.00	725,808.00	752,893.48	27,085.48
Other Support Services	154,200.00	154,200.00	116,594.81	(37,605.19)
Community Services	1,147,806.00	1,138,050.00	888,943.86	(249,106.14)
Facilities Acquisition	-	-	-	-
Capital Outlay	-	-	20,803,579.25	20,803,579.25
Debt Service:				
Principal	6,248,770.00	6,241,470.00	6,111,443.61	(130,026.39)
Interest and Charges	868,935.00	867,733.00	1,835,238.80	967,505.80
Total Expenditures	86,604,793.00	85,998,802.00	104,259,583.28	18,260,781.28
Revenues Collected Over (Under)				
Expenditures	(3,880,070.00)	(3,141,971.00)	(22,756,747.15)	(19,614,776.15)
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	4,540.00	4,540.00	25,925.32	21,385.32
Sale of School Buses	-	-	-	-
Sale of Other Property	320,000.00	320,000.00	397,360.92	77,360.92
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	8,489.97	8,489.97
Area Voc Fees from Other LEAS	1,668,122.00	1,668,122.00	1,865,833.01	197,711.01
Contracted Educational Services	85,000.00	85,000.00	91,534.11	6,534.11
Trans from other LEAS Non-Handi	50,000.00	50,000.00	38,954.00	(11,046.00)
Total Other Financing Sources (Uses)	2,127,662.00	2,127,662.00	2,428,097.33	300,435.33
NET CHANGE IN FUND BALANCES	(1,752,408.00)	(1,014,309.00)	(20,328,649.82)	(19,314,340.82)
Fund Balance July 1, 2017	78,846,394.87	78,846,394.87	78,846,394.87	-
Fund Balance June 30, 2018	\$ 77,093,986.87	\$ 77,832,085.87	\$ 58,517,745.05	\$ (19,314,340.82)

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2018

Budgets and Budgetary Accounting

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

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund of the political subdivision.
- 2) Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning July 1. The proposed budget includes estimated revenues and proposed expenditures for all district funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- 4) On June 8, 2017, the budget was legally enacted by vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements.
- 6) Budgets for District funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid.

ST. CHARLES R-VI SCHOOL DISTRICT
OTHER POST-EMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2018

POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note V, the District allows employees who retire from the District to participate in the District's health and dental insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single-blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you go basis. A stand-alone financial report is not available for the plan. During the year, 317 retirees participated in the District's insurance plans and paid premiums totaling \$952,668.84.

The District has 17 former employees that participated in Cobra as of June 30, 2018, paying total premiums of \$68,928.04.

STATE COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

**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
St. Charles R-VI School District

Report on Compliance with State Requirements

We have examined management's assertions that the St. Charles R-VI School District ("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, 2018.

Management's Responsibility

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

Auditor's 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 St. Charles R-VI School District complied with the aforementioned requirements for the year ended June 30, 2018, 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
ARNOLD, MISSOURI

August 17, 2018

ST. CHARLES R-VI SCHOOL DISTRICT
DISTRICT COUNTY NUMBER 092-090
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2018

TYPE OF AUDIT PERFORMED – SINGLE AUDIT

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:

	<u>SDL</u>
Kindergarten – Full day	6.5000
Grades 1-12	6.5000

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:

	<u>Hours</u>
Kindergarten – Full day	1,092.00
Grades 1-4	1,092.00
Grades 5-8	1,092.00
Grades 9-12	1,096.50

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

	<u>Days</u>
Kindergarten – 4	174
5-8	174
9-12	174

II. AVERAGE DAILY ATTENDANCE (ADA)

<u>Regular Term</u>	<u>Full-time / Part Time</u>	<u>Remedial</u>	<u>Total</u>
Grades K	346.9995	-	346.9995
Grades 1-4	1,441.4487	-	1,441.4487
Grades 5-8	1,353.5318	-	1,353.5318
Grades 9-12	1,400.0173	-	1,400.0173
Subtotal Regular Term	4,541.9973	-	4,541.9973

SUMMER SCHOOL SUBTOTAL

The applicable summer school for this fiscal year was held in calendar year 2017.

1.7859

TOTAL REGULAR TERM PLUS SUMMER SCHOOL ADA

4,543.7832

III. SEPTEMBER MEMBERSHIP

September Membership FTE Count (Full-time and part-time)

4,786.15

ST. CHARLES R-VI SCHOOL DISTRICT
DISTRICT COUNTY NUMBER 092-090
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2018

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

Free (Full-time and part-time)	1,656.06
Reduced (Full-time and part-time)	294.65
Total (Full-time and part-time)	1,950.71

V. FINANCE

A. As required by Section 162.401, RSMo, a bond was purchased for the District’s treasurer in the total amount of	\$ 50,000 _____
B. The District’s deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.....	TRUE _____
C. The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo.....	TRUE _____
D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records.....	TRUE _____
E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken.....	N/A _____
F. The District published a summary of the prior year’s audit report within 30 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 expenditure 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:.....	\$65,740.20 _____

ST. CHARLES R-VI SCHOOL DISTRICT
DISTRICT COUNTY NUMBER 092-090
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2018

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.....	<u>TRUE</u>
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.....	<u>TRUE</u>
C.	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	• Eligible ADT.....	<u>2,396.50</u>
	• Ineligible ADT.....	<u>-</u>
D.	The District's transportation odometer mileage records are maintained in a manner as to accurately disclose in all material respects the eligible and ineligible mileage for the year.....	<u>TRUE</u>
E.	Actual odometer records show the total District-operated <u>and</u> contracted mileage for the year was:.....	<u>549,536.00</u>
	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route <u>and</u> disapproved miles (combined) was:	
	• Eligible Miles.....	<u>492,973.00</u>
	• Ineligible Miles (Non-Route/Disapproved).....	<u>56,563.00</u>
F.	Number of days the District operated the school transportation system during the regular school year:.....	<u>174</u>

ST. CHARLES R-VI SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2018

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.

For the year ended June 30, 2018 actual expenses exceeded those budgeted for the Debt Service Fund and Capital Projects Fund.

FEDERAL COMPLIANCE SECTION



**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
St. Charles R-VI 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 financial statements of the governmental activities and each major fund of St. Charles R-VI School District ("District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 17, 2018.

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

August 17, 2018



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
St. Charles R-VI School District

Report on Compliance for Each Major Federal Program

We have audited St. Charles R-VI 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, 2018. 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, 2018.

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

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 a 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 the 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

August 17, 2018

ST. CHARLES R-VI SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Cash Federal Expenditures

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education Passed-through Missouri Department of Elementary and Secondary Education Career and Technical Education - Basic Grants	84.048A	092-090	\$ -	\$ 382,884.25
Special Education Cluster:				
Individuals With Disabilities IDEA	84.027A	092-090	-	1,268,916.18
Early Child / Sec Ed	84.027A	092-090	-	128,203.00
Early Child / Sec Ed	84.173A	092-090	-	36,706.00
Special Education Transition	84.027A	092-090	-	500.00
High Need Fund	84.027A	092-090	-	5,410.27
State-Wide Collaborative Work Initiative	84.027A	092-090	-	28,218.12
Total Special Education Cluster			-	1,467,953.57
Title I - Grants to Local Educational Agencies	84.010A	092-090	-	1,079,350.26
Title I.D - Grants to Local Educational Agencies	84.010A	092-090	-	30,653.22
Total Title I Cluster			-	1,110,003.48
Supporting Effective Instruction State Grants	84.367A	092-090	-	148,671.23
English Language Acquisition State Grants	84.365A	092-090	-	47,846.14
Grants for State Assessments and Related Activities	84.369A	092-090	-	708.33
Total U.S. Department of Education			-	3,158,067.00
U.S. Department of Agriculture Passed-through Missouri Department of Elementary and Secondary Education				
School Breakfast Program	10.553	092-090	-	252,433.16
National School Lunch Program - Commodities	10.555	092-090	-	144,567.04
National School Lunch Program	10.555	092-090	-	929,273.65
Total U.S. Department of Agriculture			-	1,326,273.85
Total Federal Expenditures			\$ -	\$ 4,484,340.85

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

ST. CHARLES R-VI SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the St. Charles R-VI School District under programs of the federal government for the year ended June 30, 2018. 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 St. Charles R-VI School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the St. Charles R-VI 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 the cost principles contained in the Uniform Guidance, 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 not elected to use the 10-percent de minimis indirect cost rate 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:

<u>Federal Sources</u>	
General Fund	\$2,763,124.67
Special Revenue Fund	657,068.29
Capital Projects Fund	55,344.39
Total	<u>\$3,475,537.35</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.

ST. CHARLES R-VI SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

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:

CFDA Number(s):

10.555, 10.553
84.010

Name of Federal Program or Cluster:

Child Nutrition Cluster
Title I 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

ST. CHARLES R-VI SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2018

Section II – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the year ended June 30, 2018.

Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended June 30, 2018.

ST. CHARLES R-VI SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

There were no financial statement findings for the year ended June 30, 2017.

PRIOR YEAR FINDINGS – FEDERAL AWARDS

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended June 30, 2017.