

LONE JACK C-6 SCHOOL DISTRICT

LONE JACK, MISSOURI

BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2016

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INDEPENDENT AUDITORS' REPORT

Board of Education
Lone Jack C-6 School District
Lone Jack, Missouri

We have audited the basic financial statements of the governmental activities and each major fund of the Lone Jack C-6 School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Board of Education
Lone Jack C-6 School District
Lone Jack, Missouri

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Lone Jack C-6 School District as of June 30, 2016, and the respective changes in modified cash basis financial position thereof for the year then ended, in conformity with the basis of accounting described in Note A.

Basis of Accounting

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

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The pension information and budgetary comparison information on pages 31-37, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Board of Education
Lone Jack C-6 School District
Lone Jack, Missouri

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lone Jack C-6 School District's basic financial statements. The data contained under Other Financial Information, is presented for purposes of additional analysis and is not a required part of the financial statements.

The Other Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 15, 2016

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LONE JACK C-6 SCHOOL DISTRICT
 STATEMENT OF NET POSITION – MODIFIED CASH BASIS
 June 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,157,012
Investments	<u>317,137</u>
TOTAL ASSETS	<u><u>\$ 2,474,149</u></u>
NET POSITION	
Restricted for:	
Scholarships	\$ 12,202
Student activities	85,442
Debt service	915,882
Construction	50,733
Unrestricted	<u>1,409,890</u>
TOTAL NET POSITION	<u><u>\$ 2,474,149</u></u>

See accompanying notes.

LONE JACK C-6 SCHOOL DISTRICT
 STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
 Year Ended June 30, 2016

	Cash Disbursements	Program Cash Receipts		Capital Grants and Contributions	Net (Disbursements) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ (3,642,497)	\$ 332,438	\$ 238,927	\$ 6,855	\$ (3,064,277)
Student services	(247,685)	-	1,487	-	(246,198)
Instructional staff support	(401,361)	-	76,920	-	(324,441)
Building administration	(296,653)	-	-	-	(296,653)
General administration	(397,253)	-	-	-	(397,253)
Operation of plant	(526,406)	-	-	-	(526,406)
Transportation	(245,967)	-	47,904	-	(198,063)
Food service	(275,894)	160,549	67,762	-	(47,583)
Community services	(214,806)	127,875	28,816	-	(58,115)
Facilities acquisition and construction	(2,532,740)	-	-	-	(2,532,740)
Debt service	(759,719)	-	-	-	(759,719)
NET PROGRAM (DISBURSEMENTS) RECEIPTS	<u>\$ (9,540,981)</u>	<u>\$ 620,862</u>	<u>\$ 461,816</u>	<u>\$ 6,855</u>	(8,451,448)
General Receipts:					
Ad valorem tax receipts					2,791,993
Prop C sales tax receipts					542,090
Other tax receipts					45,138
County receipts					144,054
State receipts					2,435,112
Interest receipts					36,525
Other receipts					39,684
TOTAL GENERAL RECEIPTS					<u>6,034,596</u>
(DECREASE) IN NET POSITION					(2,416,852)
NET POSITION - Beginning of year					<u>4,891,001</u>
NET POSITION - End of year					<u>\$ 2,474,149</u>

See accompanying notes.

FUND FINANCIAL STATEMENTS

LONE JACK C-6 SCHOOL DISTRICT
 STATEMENT OF ASSETS AND FUND BALANCES – GOVERNMENTAL FUNDS – MODIFIED CASH
 BASIS
 June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,414,288	\$ 5	\$ 606,552	\$ 136,167	\$ 2,157,012
Investments	7,807	-	309,330	-	317,137
TOTAL ASSETS	<u>\$ 1,422,095</u>	<u>\$ 5</u>	<u>\$ 915,882</u>	<u>\$ 136,167</u>	<u>\$ 2,474,149</u>
FUND BALANCES					
Restricted for:					
Scholarships	\$ 12,202	\$ -	\$ -	\$ -	\$ 12,202
Student activities	85,442	-	-	-	85,442
Debt service	-	-	915,882	-	915,882
Construction	-	-	-	50,733	50,733
Assigned to:					
Certified salaries	-	5	-	-	5
Capital outlay	-	-	-	85,434	85,434
Unassigned	1,324,451	-	-	-	1,324,451
TOTAL FUND BALANCES	<u>\$ 1,422,095</u>	<u>\$ 5</u>	<u>\$ 915,882</u>	<u>\$ 136,167</u>	<u>\$ 2,474,149</u>

See accompanying notes.

LONE JACK C-6 SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS – MODIFIED CASH BASIS
Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
RECEIPTS					
Local	\$ 2,634,263	\$ 542,094	\$ 721,264	\$ 47,374	\$ 3,944,995
County	99,514	5,240	39,300	-	144,054
State	132,350	2,403,569	-	60,815	2,596,734
Federal	164,449	142,600	-	-	307,049
Other	-	131,297	-	-	131,297
TOTAL RECEIPTS	3,030,576	3,224,800	760,564	108,189	7,124,129
DISBURSEMENTS					
Instruction	443,001	3,177,647	-	21,849	3,642,497
Student services	111,883	135,802	-	-	247,685
Instructional staff support	249,894	113,356	-	38,111	401,361
Building administration	97,826	198,827	-	-	296,653
General administration	262,950	134,303	-	-	397,253
Operation of plant	486,682	-	-	39,724	526,406
Transportation	239,413	6,554	-	-	245,967
Food service	275,894	-	-	-	275,894
Community services	135,646	48,058	-	31,102	214,806
Facilities acquisition and construction	-	-	-	2,532,740	2,532,740
Debt service	-	-	674,209	85,510	759,719
TOTAL DISBURSEMENTS	2,303,189	3,814,547	674,209	2,749,036	9,540,981
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	727,387	(589,747)	86,355	(2,640,847)	(2,416,852)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	589,747	-	191,963	781,710
Operating transfers (out)	(781,710)	-	-	-	(781,710)
TOTAL OTHER FINANCING SOURCES (USES)	(781,710)	589,747	-	191,963	-
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	(54,323)	-	86,355	(2,448,884)	(2,416,852)
FUND BALANCE, July 1, 2015	1,476,418	5	829,527	2,585,051	4,891,001
FUND BALANCE, June 30, 2016	<u>\$ 1,422,095</u>	<u>\$ 5</u>	<u>\$ 915,882</u>	<u>\$ 136,167</u>	<u>\$ 2,474,149</u>

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's accounting policies conform to the modified cash basis of accounting, which is characteristic of local governmental units of this type.

Financial Reporting Entity

The District is organized under the laws of the State of Missouri and is a primary government governed by an elected seven-member board. The District is not financially accountable for any other organization, nor is it a component unit of any other primary governmental entity.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements present governmental activities generally financed through taxes, intergovernmental receipts, and other non-exchange transactions

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts, and disbursements. The District has governmental funds only. The governmental funds of the District are all considered major funds by the Department of Elementary and Secondary Education.

The funds presented in the accompanying basic financial statements include all funds established under Missouri Revised Statutes and controlled by the Board of Education. The purpose of each fund is:

General Fund - Accounts for disbursements for non-certified employees, school transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any disbursements not accounted for in other funds.

Special Revenue Fund - Accounts for receipts for certified employees involved in administration and instruction, and includes receipts restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District's tax levy.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt Service Fund - Accounts for receipts restricted, committed, or assigned for the retirement of principal and interest on the District's long-term debt.

Capital Projects Fund - Accounts for taxes and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as defined by State of Missouri statutes.

Basis of Accounting

The government-wide Statement of Net Position, Statement of Activities, and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund equity, receipts, and disbursements when they result from cash transactions. The modification to the cash basis of accounting relates to the presentation of investments. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Capital Outlay

General fixed assets are recorded as disbursements in the Capital Projects Fund at the time the invoice for the capital item is paid.

Compensated Absences

Vacation time, personal business days, and sick leave are considered as disbursements in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on length of service.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Debt

Long-term debt arising from cash transactions of the governmental funds is not reported in the government-wide financial statements or the fund financial statements, which is consistent with the modified cash basis of accounting. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements.

Teachers' Salaries

The salary payment schedule of the District for the 2015-2016 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2016 payroll checks are included in the financial statements as disbursements in the month of June. This practice has been consistently followed in previous years.

Pooled Cash and Investments

Cash and investments of the individual funds are combined to form a pool of cash and investments, with the exception of the Debt Service Fund which is kept in separate bank accounts. Cash equivalents and investments of the pooled accounts consist primarily of money market accounts and Certificates of Deposit, carried at cost, which approximates market.

Inventories

Inventories are valued at cost and consist of food and educational materials. The cost is recorded as a disbursement at the time inventory is purchased.

Equity Classification

In the government-wide financial statements, net position is classified in two components as follows:

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted”.

It is the District’s policy to first use restricted net position prior to the use of unrestricted net position when disbursements are made for purposes for which both restricted and unrestricted net position are available.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance – This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity, or from parties outside the District’s taxpayers, are reported as program receipts. These include various grants from the state and federal governments. All other governmental receipts are reported as general. All taxes are classified as general receipts, even if restricted for a specific purpose.

LONE JACK C-6 SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the District’s deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2016, all bank balances on deposit were insured or collateralized with securities.

NOTE C – INVESTMENTS

Investments of the District as of June 30, 2016, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of deposit	9/28/2016	\$ 7,807
Investment contracts with BOK Financial	N/A	<u>309,330</u>
TOTAL INVESTMENTS		<u><u>\$ 317,137</u></u>

Certificates of Deposit

Certificates of Deposit with maturities in excess of three months are classified as investments, but are considered deposits for custodial risk determination. State statutes require that the District’s deposits be collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2016, all Certificates of Deposit are entirely insured or collateralized with securities.

Investment Contracts with BOK Financial

Funds on deposit with BOK Financial are invested in investment contracts in which the District has a pro-rata share of the investment contract. The investment contracts are in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. The investment contracts are with credit providers whose unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service.

The District does not have a policy on interest rate risk.

LONE JACK C-6 SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE D – TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The counties collect the property taxes and remit them to the District.

The District also receives sales tax collected by the State and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year unless the voters have approved a waiver of the rollback provision. The District has voted a full waiver of the rollback provision.

The assessed valuation of the tangible taxable property for the calendar year 2015 for purposes of local taxation was:

Real estate		\$ 42,608,164
Personal property		<u>9,233,697</u>
	TOTAL ASSESSED VALUATION	<u><u>\$ 51,841,861</u></u>

The tax levy per \$100 of the assessed valuation of tangible property for the calendar year 2015 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 4.0626	\$ 4.0626
Debt Service Fund	<u>1.3875</u>	<u>1.3875</u>
	TOTAL LEVY	<u><u>\$ 5.4501</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2016, aggregated approximately 99 percent of the current assessment computed on the basis of the levy as shown above.

NOTE E – RETIREMENT PLANS

Public School Retirement System of Missouri and Public Education Employee Retirement System of Missouri

Summary of Significant Accounting Policies

Financial reporting information included in the notes to the financial statements pertaining to 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) are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* as applicable to the District's modified cash basis of accounting.

The financial statements were prepared using the modified cash basis of accounting. Therefore, member and employer contributions are recognized when paid and the District's net pension liability, deferred outflows and inflows of resources related to pensions are not recorded in these financial statements.

General Information about the Pension Plan

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

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.

NOTE E – RETIREMENT PLANS (continued)

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Benefits Provided. PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for “Rule of 80” or “30-and-out” are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Summary Plan descriptions detailing the provisions of the plans can be found on the Systems’ website at www.psrs-peers.org.

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

NOTE E – RETIREMENT PLANS (continued)

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2015 and 2016. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

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

The District's contributions to PSRS and PEERS were \$421,106 and \$62,752, respectively, for the year ended June 30, 2016.

Pension Liability

At June 30, 2016, the District had a liability of \$3,527,218 for its proportionate share of PSRS' net pension liability and \$298,832 for its proportionate share of PEERS' net pension liability. In total the District had a net pension liability of \$3,826,050. The net pension liability for the plans in total was measured as of June 30, 2015, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$401,291 and \$58,138, respectively, for the year ended June 30, 2015, relative to the actual contributions of \$656,578,122 for PSRS and \$102,864,099 for PEERS from all participating employers. At June 30, 2016, the District's proportionate share was 0.0611% for PSRS and 0.0565% for PEERS.

Actuarial Assumptions

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

- Measurement Date – June 30, 2015
- Valuation Date – June 30, 2015

NOTE E – RETIREMENT PLANS (continued)

- Expected Return on Investments – 8.00%, net of investment expenses and including 2.5% inflation
- Inflation – 2.50%
- Total Payroll Growth
 - PSRS – 3.50% per annum, consisting of 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
 - PEERS – 3.75% per annum, consisting of 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Future Salary Increases
 - PSRS – 4.00% - 10.00%, depending on service and including 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.00% to 7.00%.
 - PEERS – 5.00% - 12.00%, depending on service and including 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.75% to 8.75%.
- Cost-Of-Living Increases
 - PSRS – 2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase.
 - PEERS – 2.0% compounded annually, beginning on the fourth January after retirement and capped at 80% lifetime increase.
- Mortality Assumption:
 - Actives
 - PSRS – RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
 - PEERS – RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
 - Non-Disabled Retirees, Beneficiaries and Survivors
 - PSRS – RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
 - PEERS – RP 2000 Mortality Table set forward one year for males and no set back/forward for females, then projected to 2016 using Scale AA.
 - Disabled Retirees
 - PSRS – RP 2000 Disabled Mortality Table
 - PEERS – RP 2000 Disabled Mortality Table

NOTE E – RETIREMENT PLANS (continued)

- Changes in Actuarial Assumptions and Methods – There were no changes in actuarial assumptions or methods for the June 30, 2015, valuation.
- Fiduciary Net Position – The Systems issue a publicly available financial report that can be obtained at www.psr-peers.org.
- Expected Rate of Return – The long-term expected rate of return on 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, 2015, is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cashflows.

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

LONE JACK C-6 SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE E – RETIREMENT PLANS (continued)

- **Discount Rate** – The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015, and is consistent with the long-term expected geometric return on the Systems’ investments. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.
- **Discount Rate Sensitivity** – The sensitivity of the District’s net pension liability to changes in the discount rate is presented below. The District’s net pension liability calculated using the discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.0% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

PSRS

Discount Rate	<u>1% Decrease (7.00%)</u>	<u>Current Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Proportionate share of the Net Pension Liability / (Asset)	\$ 6,487,195	\$ 3,527,218	\$ 1,041,167

PEERS

Discount Rate	<u>1% Decrease (7.00%)</u>	<u>Current Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Proportionate share of the Net Pension Liability / (Asset)	\$ 603,293	\$ 298,832	\$ 41,437

LONE JACK C-6 SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE F – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at June 30, 2016, consist of:

\$1,100,000 qualified school construction bond (QSCB) issue dated November 19, 2009, due in varying annual installments through September 15, 2025, with interest at 1.60%.	\$ 1,100,000
\$700,000 general obligation bond issue dated August 14, 2009, due in varying annual installments through March 1, 2017, with interest at 2.50% to 3.25%.	300,000
\$3,310,000 general obligation refunding bond issue dated March 15, 2012, due in varying annual installments through March 1, 2021, with interest at 1.13% to 2.00%.	1,960,000
\$2,690,000 general obligation bond issue dated May 13, 2015, due in varying annual installments through March 1, 2030, with interest at 0.40% to 3.10%.	2,540,000
	<u>\$ 5,900,000</u>

The following is a summary of bond transactions for the year ended June 30, 2016:

	<u>Total</u>
Bonds Payable, July 1, 2015	\$ 6,460,000
Bonds Issued	-
Bonds Retired	<u>(560,000)</u>
Bonds Payable, June 30, 2016	<u>\$ 5,900,000</u>

LONE JACK C-6 SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE F – GENERAL OBLIGATION BONDS PAYABLE (continued)

Annual debt service requirements to maturity for the above bonds are:

Year Ending June 30,	Principal	Interest	Principal Intercepts	Total
2017	\$ 675,000	\$ 115,902	\$ -	\$ 790,902
2018	535,000	100,604	-	635,604
2019	395,000	94,583	150,000	639,583
2020	400,000	89,154	150,000	639,154
2021	505,000	82,752	150,000	737,752
2022	150,000	74,266	150,000	374,266
2023	200,000	71,790	150,000	421,790
2024	250,000	68,190	150,000	468,190
2025	250,000	50,240	200,000	500,240
2026	250,000	40,590	-	290,590
2027	275,000	34,964	-	309,964
2028	275,000	28,366	-	303,366
2029	300,000	19,840	-	319,840
2030	340,000	10,540	-	350,540
	<u>\$ 4,800,000</u>	<u>\$ 881,781</u>	<u>\$ 1,100,000</u>	<u>\$ 6,781,781</u>

The interest and principal accumulation deposits on the Series 2009 QSCB issue will be intercepted under the Missouri Direct Deposit Program guidelines. The principal accumulation intercepts of various amounts per year beginning on September 15, 2018, are intercepted by DESE over a ten month period. On September 15 of each year, those funds are to be transferred to UMB Bank and deposited in the principal account of the bond fund. On September 15, 2024, the principal accumulation deposits will pay off \$1,100,000 Series 2009 QSCB issue in full.

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15 percent of the assessed valuation of the district. The legal debt margin of the District at June 30, 2016, was:

Constitutional debt limit	\$ 7,776,279
General obligation bonds payable	(5,900,000)
Amount available in Debt Service Fund	<u>915,882</u>
LEGAL DEBT MARGIN	<u>\$ 2,792,161</u>

LONE JACK C-6 SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE G – LEASES PAYABLE

Leases payable at June 30, 2016, consist of:

\$105,696 lease purchase agreement for 300 laptop computers dated June 30, 2014, due in monthly installments of \$2,936 through July 2017.	\$ 35,229
\$65,445 lease purchase agreement for 70 desktop computers dated June 30, 2014, due in monthly installments of \$1,818 through July 2017.	21,832
\$85,169 lease purchase agreement for 225 Chromebook laptop computers dated November 12, 2014, due in monthly installments of \$2,366 through December 2017.	42,517
	<u>\$ 99,578</u>

The following is a summary of lease transactions for the year ended June 30, 2016:

Lease Payable, July 1, 2015	\$ 185,088
Additional Lease Obligations	-
Net Lease Retirements	(85,510)
Lease Payable, June 30, 2016	<u>\$ 99,578</u>

The following is a schedule of the future minimum lease payments under the lease (assuming noncancellation):

Year Ending June 30,	
2017	\$ 85,453
2018	14,125
TOTAL MINIMUM LEASE PAYMENTS	<u>\$ 99,578</u>

LONE JACK C-6 SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE H – CLAIMS AND ADJUSTMENTS

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the District may be required to reimburse the grantor government. As of June 30, 2016, disbursements have not been audited by grantor governments, but the District believes that disallowed disbursements, if any, based on subsequent audits, will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE I – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE J – COMPENSATED ABSENCES

Compensated absences payable consists of accumulated paid leave by District personnel. The District’s policy allows certified and non-certified employees to be reimbursed for accumulated paid time off after working for the District for at least five years. Non-certified employees will be paid \$10 per day, while certified employees will be paid \$55 per day, up to 55 days. Annually, for any days exceeding 55 days, certified employees are paid \$55 per day. The District will pay an employee upon retirement or resignation for each unused sick day accumulated. Total compensated absences payable at June 30, 2016, was \$28,694.

NOTE K – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2016, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 781,710
Special Revenue Fund	589,747	-
Capital Projects Fund	191,963	-
	<u>\$ 781,710</u>	<u>\$ 781,710</u>

LONE JACK C-6 SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE K – INTERFUND TRANSFERS (continued)

The District is required to make a transfer from the General Fund to the Special Revenue Fund to cover the excess of disbursements over receipts, if applicable, each year. The District makes allowed transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balances as allowed by State law.

NOTE L – POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note E, the District makes available post-retirement healthcare benefits to all employees who retire from the District. Participation by retirees in the District health plan is subjected to terms and conditions set forth in the Board policy. The cost of the coverage is charged to the retiree at a blended rate for all employees. The District has not made a formal evaluation or projection on the future cost of the existing health care benefit plan in relation to retirees.

SUPPLEMENTARY INFORMATION

LONE JACK C-6 SCHOOL DISTRICT
 SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS – PSRS AND PEERS
 Year Ended June 30, 2016

Public School Retirement System (PSRS)

<u>Year Ended*</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2015	0.0579%	\$ 2,375,391	\$ 2,569,848	92.43%	89.34%
6/30/2016	0.0611%	3,527,218	2,767,523	127.45%	85.78%

Public Education Employee Retirement System (PEERS)

<u>Year Ended*</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2015	0.0490%	\$ 178,931	\$ 714,716	25.04%	91.33%
6/30/2016	0.0565%	298,832	847,495	35.26%	88.28%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

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

LONE JACK C-6 SCHOOL DISTRICT
 SCHEDULES OF EMPLOYER CONTRIBUTIONS – PSRS AND PEERS
 Year Ended June 30, 2016

Public School Retirement System (PSRS)

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess / (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2013	\$ 349,714	\$ 349,714	\$ -	\$ 2,411,819	14.50%
6/30/2014	372,629	372,629	-	2,569,848	14.50%
6/30/2015	401,291	401,291	-	2,767,523	14.50%
6/30/2016	421,106	421,106	-	2,904,178	14.50%

Public Education Employee Retirement System (PEERS)

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess / (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2013	\$ 48,610	\$ 48,610	\$ -	\$ 708,602	6.86%
6/30/2014	49,030	49,030	-	714,716	6.86%
6/30/2015	58,138	58,138	-	847,495	6.86%
6/30/2016	62,752	62,752	-	914,747	6.86%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

LONE JACK C-6 SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 2,497,999	\$ 2,634,263	\$ 2,634,263	\$ -
County	85,925	99,514	99,514	-
State	133,690	132,350	132,350	-
Federal	125,030	164,449	164,449	-
TOTAL RECEIPTS	2,842,644	3,030,576	3,030,576	-
DISBURSEMENTS				
Instruction	327,069	443,001	443,001	-
Student services	107,547	111,883	111,883	-
Instructional staff support	208,355	249,894	249,894	-
Building administration	74,300	97,826	97,826	-
General administration	205,846	262,950	262,950	-
Operation of plant	527,017	486,682	486,682	-
Transportation	235,183	239,413	239,413	-
Food service	265,711	275,894	275,894	-
Community services	124,480	135,646	135,646	-
TOTAL DISBURSEMENTS	2,075,508	2,303,189	2,303,189	-
EXCESS OF RECEIPTS OVER DISBURSEMENTS	767,136	727,387	727,387	-
OTHER FINANCING (USES)				
Operating transfers (out)	(712,590)	(781,710)	(781,710)	-
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)	54,546	(54,323)	(54,323)	-
FUND BALANCE, July 1, 2015	1,476,418	1,476,418	1,476,418	-
FUND BALANCE, June 30, 2016	\$ 1,530,964	\$ 1,422,095	\$ 1,422,095	\$ -

LONE JACK C-6 SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 480,907	\$ 542,094	\$ 542,094	\$ -
County	7,585	5,240	5,240	-
State	2,368,766	2,403,569	2,403,569	-
Federal	100,702	142,600	142,600	-
Other	134,200	131,297	131,297	-
TOTAL RECEIPTS	3,092,160	3,224,800	3,224,800	-
DISBURSEMENTS				
Instruction	3,153,666	3,177,647	3,177,647	-
Student services	142,819	135,802	135,802	-
Instructional staff support	113,679	113,356	113,356	-
Building administration	202,426	198,827	198,827	-
General administration	133,873	134,303	134,303	-
Transportation	6,972	6,554	6,554	-
Community services	51,315	48,058	48,058	-
TOTAL DISBURSEMENTS	3,804,750	3,814,547	3,814,547	-
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(712,590)	(589,747)	(589,747)	-
OTHER FINANCING SOURCES				
Operating transfers in	712,590	589,747	589,747	-
EXCESS OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	-	-	-	-
FUND BALANCE, July 1, 2015	5	5	5	-
FUND BALANCE, June 30, 2016	\$ 5	\$ 5	\$ 5	\$ -

LONE JACK C-6 SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 683,726	\$ 721,264	\$ 721,264	\$ -
County	34,671	39,300	39,300	-
TOTAL RECEIPTS	718,397	760,564	760,564	-
DISBURSEMENTS				
Debt service	674,760	674,209	674,209	-
TOTAL DISBURSEMENTS	674,760	674,209	674,209	-
EXCESS OF RECEIPTS OVER DISBURSEMENTS	43,637	86,355	86,355	-
FUND BALANCE, July 1, 2015	829,527	829,527	829,527	-
FUND BALANCE, June 30, 2016	<u>\$ 873,164</u>	<u>\$ 915,882</u>	<u>\$ 915,882</u>	<u>\$ -</u>

LONE JACK C-6 SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 39,246	\$ 47,374	\$ 47,374	\$ -
State	52,943	60,815	60,815	-
TOTAL RECEIPTS	92,189	108,189	108,189	-
DISBURSEMENTS				
Instruction	12,500	21,849	21,849	-
Student services	1,000	-	-	-
Instructional staff support	106,750	38,111	38,111	-
Building administration	2,000	-	-	-
Operation of plant	6,500	39,724	39,724	-
Transportation	15,000	-	-	-
Food service	3,000	-	-	-
Community services	1,500	31,102	31,102	-
Facilities acquisition and construction	32,000	2,532,740	2,532,740	-
Debt service	-	85,510	85,510	-
TOTAL DISBURSEMENTS	180,250	2,749,036	2,749,036	-
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(88,061)	(2,640,847)	(2,640,847)	-
OTHER FINANCING SOURCES				
Operating transfer in	-	191,963	191,963	-
TOTAL OTHER FINANCING SOURCES	-	191,963	191,963	-
(DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	(88,061)	(2,448,884)	(2,448,884)	-
FUND BALANCE, July 1, 2015	2,585,051	2,585,051	2,585,051	-
FUND BALANCE, June 30, 2016	\$ 2,496,990	\$ 136,167	\$ 136,167	-

LONE JACK C-6 SCHOOL DISTRICT
NOTE TO BUDGETARY COMPARISON SCHEDULES
June 30, 2016

Budgets and Budgetary Accounting

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

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- 2) Prior to July, the superintendent, who serves as the Budget Officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- 4) Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education. Individual amendments were not material to the original appropriations, which were amended.
- 6) Budgets for District funds are prepared and adopted on the modified cash basis (budget basis).

OTHER FINANCIAL INFORMATION

LONE JACK C-6 SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE
Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
LOCAL					
Current taxes	\$ 1,868,634	\$ -	\$ 638,186	\$ -	\$ 2,506,820
Delinquent taxes	213,370	-	71,803	-	285,173
School district trust fund (Prop C)	-	542,090	-	-	542,090
Financial institution tax	2	-	1	-	3
M&M surtax	-	-	-	44,314	44,314
In lieu of tax	-	-	-	821	821
Tuition from individuals (K-12)	33,182	-	-	-	33,182
Earnings on investments	23,008	4	11,274	2,239	36,525
Food service program	108,837	-	-	-	108,837
Food service non-program	51,712	-	-	-	51,712
Student activities	167,959	-	-	-	167,959
Community services	127,875	-	-	-	127,875
Other	39,684	-	-	-	39,684
TOTAL LOCAL	2,634,263	542,094	721,264	47,374	3,944,995
COUNTY					
Fines, escheats, etc.	-	5,240	-	-	5,240
State assessed utilities	99,514	-	39,300	-	138,814
TOTAL COUNTY	99,514	5,240	39,300	-	144,054
STATE					
Basic formula	-	2,241,690	-	-	2,241,690
Transportation	47,904	-	-	-	47,904
Early childhood special education	11,370	-	-	-	11,370
Basic formula - classroom trust fund	-	161,879	-	53,960	215,839
Educational screening prog/PAT	28,816	-	-	-	28,816
Career education	-	-	-	6,855	6,855
Food service	1,854	-	-	-	1,854
Residential placement/excess cost	25,620	-	-	-	25,620
High need fund	16,786	-	-	-	16,786
TOTAL STATE	132,350	2,403,569	-	60,815	2,596,734

LONE JACK C-6 SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE (continued)
Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
FEDERAL					
Medicaid	11,034	-	-	-	11,034
Perkins basic grant, career education	200	-	-	-	200
IDEA grants	1,646	-	-	-	1,646
IDEA entitlement funds, Part B IDEA	24,057	90,278	-	-	114,335
Early childhood special education	5,319	-	-	-	5,319
School lunch program	55,258	-	-	-	55,258
School breakfast program	10,650	-	-	-	10,650
Title I, ESEA	-	52,322	-	-	52,322
Title II, Part A, ESEA - teacher & principal quality	5,144	-	-	-	5,144
Title VI, Part B rural education initiative	51,141	-	-	-	51,141
TOTAL FEDERAL	164,449	142,600	-	-	307,049
OTHER SOURCES					
Tuition from other districts	-	131,297	-	-	131,297
TOTAL OTHER SOURCES	-	131,297	-	-	131,297
TOTAL RECEIPTS	\$ 3,030,576	\$ 3,224,800	\$ 760,564	\$ 108,189	\$ 7,124,129

LONE JACK C-6 SCHOOL DISTRICT
SCHEDULE OF DISBURSEMENTS BY OBJECT
Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Salaries	\$ 737,076	\$ 2,937,678	\$ -	\$ -	\$ 3,674,754
Teacher retirement	2,909	408,577	-	-	411,486
Non-teacher retirement	48,687	17,463	-	-	66,150
Social security	41,484	12,709	-	-	54,193
Medicare	12,488	40,235	-	-	52,723
Employee insurance	124,914	263,290	-	-	388,204
Tuition	-	133,669	-	-	133,669
Professional services	31,344	-	-	-	31,344
Audit services	10,200	-	-	-	10,200
Technical services	192	-	-	-	192
Legal services	7,672	-	-	-	7,672
Property services	164,850	-	-	-	164,850
Contracted transportation to and from school	111,043	-	-	-	111,043
Other contracted pupil transportation (non-route)	38,249	-	-	-	38,249
Travel	34,026	-	-	-	34,026
Property insurance	30,313	-	-	-	30,313
Liability insurance	29,019	-	-	-	29,019
Other purchased services	238,869	926	-	-	239,795
General supplies	283,487	-	-	-	283,487
Regular textbook	22,050	-	-	-	22,050
Library books	9,571	-	-	-	9,571
Periodicals	1,540	-	-	-	1,540
Food service - food only	149,325	-	-	-	149,325
Energy supplies/service	162,211	-	-	-	162,211
Other supplies	11,670	-	-	-	11,670
Land	-	-	-	81,200	81,200
Buildings	-	-	-	2,402,021	2,402,021
Improvement to sites	-	-	-	49,520	49,520
Equipment - general	-	-	-	123,845	123,845
Equipment - instructional apparatus	-	-	-	6,940	6,940
Principal	-	-	560,000	85,510	645,510
Interest	-	-	112,760	-	112,760
Other	-	-	1,449	-	1,449
TOTAL DISBURSEMENTS	\$ 2,303,189	\$ 3,814,547	\$ 674,209	\$ 2,749,036	\$ 9,540,981

LONE JACK C-6 SCHOOL DISTRICT
 SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID
 Year Ended June 30, 2016

	District Owned	Contracted	Total
Administrative salaries	\$ -	\$ 6,554	\$ 6,554
Non-certified salaries	45,225	-	45,225
Employee benefits	3,460	-	3,460
Purchased services	16,279	144,812	161,091
Supplies	2,729	22,428	25,157
Depreciation	4,594	-	4,594
	<u>\$ 72,287</u>	<u>\$ 173,794</u>	<u>\$ 246,081</u>

OTHER REQUIRED REPORTING



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

Board of Education
Lone Jack C-6 School District
Lone Jack, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and each major fund of Lone Jack C-6 School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Lone Jack C-6 School District's basic financial statements and have issued our report thereon dated November 15, 2016.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Lone Jack C-6 School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Board of Education
Lone Jack C-6 School District
Lone Jack, Missouri

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a material weakness. It is identified as item 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lone Jack C-6 School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, express no opinion on it.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 15, 2016

LONE JACK C-6 SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016

MATERIAL WEAKNESS

2016-001 Segregation of duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The District currently has one full-time bookkeeper to handle the accounting needs of the District. There are some mitigating controls in place but it is not possible to have segregation in all areas.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel.

SUPPLEMENTARY STATE INFORMATION



**INDEPENDENT ACCOUNTANTS' REPORT ON MANAGEMENT'S
ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED
REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS**

Board of Education
Lone Jack C-6 School District
Lone Jack, Missouri

We have examined management's assertions that Lone Jack C-6 School District, Lone Jack, Missouri, complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and other statutory requirements as listed in the schedule of selected statistics during the year ended June 30, 2016. Management is responsible for the Lone Jack C-6 School District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence about the Lone Jack C-6 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Lone Jack C-6 School District's compliance with specified requirements.

In our opinion, management's assertions referred to above are fairly stated, in all material respects, with the aforementioned requirements for the year ended June 30, 2016.

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 15, 2016

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Member of The Leading Edge Alliance

LONE JACK C-6 SCHOOL DISTRICT 048-075
 SCHEDULE OF SELECTED STATISTICS
 Year Ended June 30, 2016

1. 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 was 7.0500 for grades K – 12.
- B. The number of actual calendar hours classes were in session and pupils were under the direction of teachers during this school year was 1,132.80.
- C. The number of days classes were in session and pupils were under the direction of the teachers during this school year was 162.

2. Average Daily Attendance (ADA)

Average Daily Attendance:

Regular term:

Full-time and part-time

Resident I - Kindergarten – Grade 12

522.66

Remedial

0.99

Total regular term

523.65

Summer school average daily attendance

17.63

Total Average Daily Attendance

541.28

3. September Membership

September Membership FTE Count

556.00

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

State FTE Total

Free

68.00

Reduced

41.00

Total

109.00

5. Finance

- A. A bond, as required by Section 162.401, RSMo, has been purchased for the District treasurer in the amount of \$50,000.
- B. The District's deposits were adequately secured during the year as required by Sections 110.010 and 110.020, RSMo.

LONE JACK C-6 SCHOOL DISTRICT 048-075
SCHEDULE OF SELECTED STATISTICS (continued)
Year Ended June 30, 2016

5. Finance (continued)

- C. The District maintained a separate bank account for its Debt Service Fund in accordance with Section 165.011, RSMo.
- D. Salaries reported for educators in the October core data cycle are supported by payroll/contract records.
- E. The District's \$162,326 or 7% x SAT x WADA transfer was not in excess of the adjusted expenditure calculation.
- F. The District published a summary of the 2014-2015 audit report within thirty days of receipt of the audit, pursuant to Section 165.121, RSMo.
- G. The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment.
- H. The amount spent for approved professional development committee plan activities was \$24,737.

6. Transportation (Section 163.161, RSMo)

- A. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.
- B. The District's school transportation ridership records are so maintained as to accurately disclose, in all material respects, the average number of regular riders transported.
- C. Based on the ridership records, the average number of students (non-disabled K-12, career education, and K-12 students with disabilities) transported on a regular basis (ADT) eligible for state transportation aid was 264.50 and the average number of students transported on a regular basis (ADT) ineligible to be counted for state transportation aid was 92.50.
- D. The District's transportation odometer mileage records are so maintained as to accurately disclose, in all material respects, the eligible and ineligible mileage for the year.
- E. Actual odometer records show the total District operated and contracted mileage for the year was 77,938. Of this total, the eligible non-disabled and students with disabilities route miles combined were 51,870 and the ineligible non-route and disapproved miles combined were 26,068.
- F. The District operated the school transportation system for 162 days during this school year.

There were no findings noted above.