

**FORT ZUMWALT SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

**FORT ZUMWALT SCHOOL DISTRICT  
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YEAR ENDED JUNE 30, 2016**

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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Fort Zumwalt School District  
O' Fallon, Missouri

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

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund, and aggregate remaining fund information of Fort Zumwalt School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the entity'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 cash basis of accounting described in Note 2; this includes determining that the 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.

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 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 financial position – cash basis of the governmental activities, each major fund and aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position – cash basis, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund – cash basis for the year then ended, on the basis of accounting described in Note 2.

**Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fort Zumwalt School District – O’Fallon, Missouri’s basic financial statements. The Schedule of Receipts, Disbursements, and Changes in Fund Balance – Budget to Actual – Debt Service Fund and Capital Projects Fund, the Schedule of Receipts by Source – All Governmental Funds, the Schedule of Disbursements Paid by Object, the Management’s Discussion and Analysis, and the Schedule of Principal Taxpayers are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Receipts, Disbursements, and Changes in Fund Balance – Budget to Actual – Debt Service Fund and Capital Projects Fund, the Schedule of Receipts by Source – All Governmental Funds, the Schedule of Disbursements Paid by Object and the schedule of expenditures of federal awards 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Principal Taxpayers and Management’s Discussion and Analysis 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 December 9, 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

St. Louis, Missouri  
December 9, 2016

**FORT ZUMWALT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

The discussion and analysis of Fort Zumwalt School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Overall, the School District's financial position improved during fiscal year 2016 as reflected by an increase in net position of \$3.4 million. This increase is attributed to \$30.5 million of proceeds from bond sales earmarked mostly for construction, acquisition and renovation of facilities and equipment. This also included \$3.5 million to refund existing debt. In addition, revenue from local property taxes and state aid also grew by \$4.2 million. In total, revenue increased by \$30.4 when compared to the prior year. Expenses also grew when compared to the prior year by \$31.1 million. Of this amount, \$19.9 million was spent on construction projects and debt refinancing, leaving \$11.2 million of the increase in operating expenses. This increase in operating costs is somewhat deceiving because expenses in the prior year were artificially reduced by one-time savings of \$7.7 million from the implementation of a self-funded medical insurance program. This year medical expenses are reported at normal levels and show as an increase of \$6.6 million. The remaining increase in operating expenses is directly related to salary and benefit increases awarded to staff. For the year, the District's financial position is stable with total net position of \$63.2 million and unrestricted net position of \$39.1 million.

General receipts for the year totaled \$218.2 million or 90% of all receipts. These general receipts are comprised mainly of local property taxes along with state aid, which totaled a combined \$185.7 million or 85% of all general receipts. Program receipts and charges for services make up \$24.7 million or 10.0% of receipts and include grants, tuition and fees. Total disbursements for the year were \$239.2 million of which \$214.8 million were funded by general receipts.

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

This annual report consists of a series of financial statements and notes to those statements. The Statement of Net Position and the Statement of Activities are presented on pages 11 and 12. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. The fund financial statements also provide more detail about the most significant funds.

**Reporting the School District as a Whole**

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

The analysis of the School District as a whole begins on page 11. This analysis provides answers as to whether the School District is financially stronger or weaker as a result of the year's activities. The Statement of Net Position and the Statement of Activities report information on the School District as a whole and its activities, which help to provide this answer. These statements include all significant assets and liabilities using the cash basis of accounting, which is an Other Comprehensive Basis of Accounting than Generally Accepted Accounting Principles. The District's policy is to prepare its financial statements on the cash basis of accounting; consequently, receipts are recognized when received rather than when earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

**FORT ZUMWALT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

**Reporting the School District as a Whole (Continued)**

**Statement of Net Position and the Statement of Activities (Continued)**

These two statements report the School District's net position and changes in that position. The change in net position is the difference between assets and liabilities and represents one way to measure the School District's financial position and whether it is improving or declining. The relationship between receipts and disbursements indicates the School District's operating results. However, the School District's mission is to provide services to our students, not to generate profits as commercial entities strive to do each year.

Non-financial factors, such as the quality of education provided to our students and state and federal mandates, must also be considered to assess the overall health of the School District.

The Statement of Net Position and the Statement of Activities report the activity for all of the District's programs and services which are classified as governmental activities. Governmental activities are the activities where all of the School District's programs and services are reported including: instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 13. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General (Incidental) Fund, Special Revenue (Teachers) Fund, Debt Service Fund, and Capital Projects Fund.

**Governmental Funds**

The School District's primary activities are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year end available for spending in future periods. These statements include all assets and liabilities using the cash basis of accounting, which is an Other Comprehensive Basis of Accounting than Generally Accepted Accounting Principles. The District's policy is to prepare its financial statements on the cash basis of accounting; consequently, receipts are recognized when received rather than when earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary Fund**

The School District uses a proprietary self-insurance fund which is included in the total Net Position of the District, and represents amounts set aside for the self-funding of health insurance.

**FORT ZUMWALT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

**The School District as a Whole**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The School District's net position at June 30, 2016 was \$63.2 million. This represents an increase of \$3.4 million from the prior year and is primarily the result of self-funding health insurance and the sale of bonds to fund capital needs and to refund previously issued bonds. Of the total net position, \$39.1 million was unrestricted and represents the accumulated results of all past years' operations.

Table 1 below provides a summary of net position for fiscal year 2016 compared to fiscal year 2015.

**TABLE 1  
NET ASSETS  
(In Millions)**

	Governmental Activities	
	June 30,	
	2016	2015
<b>ASSETS</b>		
Current and Other Assets	\$ 63.2	\$ 59.8
Total Assets	63.2	59.8
<b>NET POSITION</b>		
Restricted	\$ 24.1	\$ 19.2
Unrestricted	39.1	40.6
Total Net Position	\$ 63.2	\$ 59.8

Restricted net position is reported separately to reflect legal constraints from debt covenants and enabling legislation that limit the School District's ability to use the net position for day-to-day operations. As noted above, restricted net position totals \$24.1 million at June 30, 2016. Of this amount, \$10.7 million was restricted for debt service purposes, \$0.2 million was for scholarship purposes, and \$13.2 million for capital project purposes.

**FORT ZUMWALT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

**The School District as a Whole (Continued)**

The results of this year's operations for the School District as a whole are reported in the Statement of Activities on page 12. This information is summarized below in Table 2.

**TABLE 2  
CHANGE IN NET ASSETS  
(In Millions)**

	Governmental Activities		Total Percentage Change
	Year Ended June 30,		
	2016	2015	
<b>RECEIPTS</b>			
Charges for Services	\$ 8.9	\$ 8.8	1 %
Operating Grants and Contributions	15.5	16.0	(3)
General Receipts:			
Property Taxes	126.4	123.6	2
Federal and State Aid	59.3	57.9	2
Interest and Investment Earnings	0.2	0.2	-
Bond Premium	2.3	0.4	475
Sale of Bonds	28.2	4.5	527
Refunding Bonds	-	-	-
Other	1.8	0.8	125
Total Receipts	<u>242.6</u>	<u>212.2</u>	14
<b>PROGRAM DISBURSEMENTS</b>			
Instruction	120.0	112.0	7
Student Services	15.7	14.5	8
Instructional Staff Support	7.0	6.4	9
Building Administration	14.6	13.8	6
General Administration and Central Services	5.9	5.5	7
Operation of Plant	17.0	16.6	2
Transportation	10.6	10.5	1
Food Service	5.9	5.7	4
Community Services	1.0	1.0	-
Facility Acquisition and Construction	21.1	6.0	252
Debt Service and Fiscal Charges	20.4	16.1	27
Total Disbursements	<u>239.2</u>	<u>208.1</u>	15
<b>CHANGE IN NET POSITION</b>	<u>\$ 3.4</u>	<u>\$ 4.1</u>	

**Governmental Activities**

The cost of all governmental activities totaled \$239.2 million in fiscal year 2016. The School District's taxpayers funded \$214.8 million or 89.8% of these costs. In addition to taxpayer funding, charges for services funded \$8.9 million or 3.7% of the cost of governmental activities' and operating grants funded \$15.5 million or 6.5% of such costs in fiscal year 2016. In total, net position increased by \$3.4 million during the fiscal year.

**FORT ZUMWALT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

**Governmental Activities (Continued)**

As shown in Table 2 above, this increase in net position is the combination of additional revenues mainly from the sale of bonds, along with growth in state aid and local property taxes. This was all partially offset by additional spending on construction projects and salary and benefit costs. Bonds sales generated \$25.6 million additional revenue when compared to last year. In addition, property taxes grew by \$2.8 million and state aid grew by \$1.4 million. Combined, these sources totaled \$30.4 million more in receipts when compared to the prior year. However, expenses also grew when compared to prior year, as shown in table 2, by \$31.1 million. Facility and acquisition funded by bond proceeds increased by \$15.7 million along with debt service costs, also funded by bond proceeds, increase by another \$4.2 million. The remaining increase is directly related to salary and benefit costs across multiple categories including \$3.3 million in Instruction, \$1.1 in Student Services, and \$0.8 in Building Administration related to raises awarded to staff in 2015-2016. The net effect was an increase in net position of \$3.4 million.

In the table below, the cost of each of the School District's five functions, as well as, each function's net cost (total cost less receipts generated by the activities) is presented. This clearly shows the School District's reliance on local taxpayers.

**TABLE 3**

(In Millions)  
Year Ended June 30,

	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 120.0	\$ 104.5	\$ 112.0	\$ 96.2
Student Services	15.7	15.7	14.5	14.5
Instructional Staff Support	7.0	6.6	6.4	6.0
Building Administration	14.6	14.6	13.8	13.8
General Administration and Central Service	5.9	5.9	5.5	5.5
Operation of Plant	17.0	17.0	16.6	16.6
Transportation	10.6	8.7	10.5	8.2
Food Service	5.9	(0.7)	5.7	(0.7)
Community Services	1.0	1.0	1.0	1.0
Facility Acquisition and Construction	21.1	21.1	6.0	6.0
Debt Service and Fiscal Charges	20.4	20.5	16.1	16.1
Total Disbursements	<u>\$ 239.2</u>	<u>\$ 214.8</u>	<u>\$ 208.1</u>	<u>\$ 183.2</u>

As shown in Table 3, the District's five largest functions are Instruction, Facility Acquisition and Construction, Debt Service, Operation of Plant, and Student Services. Direct Instruction to students is by far the District's largest disbursement at \$120.0 million. The next three largest functions are directly related to building, renovating, and maintaining over 2.7 million square feet of building space, related equipment and contents valued at over \$529.5 million throughout the District. Facility Acquisition and Construction totaled \$21.1, Debt Service disbursements totaled \$20.4 million and Operation of Plant totaled \$17.0 million during the 2016 school year. In total, the five largest functions represent \$194.1 million or 81.1% of all disbursements.

**FORT ZUMWALT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

**The School District's Funds**

As discussed above, the School District uses different funds to account for a wide range of financial transactions. A review of the funds provides some insight into the School District's financial condition. Information about the School District's major funds starts on page 13. These funds are accounted for using the cash basis of accounting. Receipts and other financing sources for all governmental funds totaled \$242.6 million and disbursements totaled \$238.1 million for the fiscal year. Governmental funds had a total fund balance of \$56.6 million at June 30, 2016, which represents an overall increase in total fund balance of \$4.5 million when compared to the prior year. Of this increase, \$5.4 million is related to capital projects offset by deficit spending in debt service which is attributed to debt service requirements exceeding revenue growth.

**General Fund Budgeting Highlights**

The School District prepares an annual budget in accordance with Missouri law, which requires Board of Education approval no later than June 30 each year. The original budget for fiscal year 2015-2016 was approved by the Board on June 29, 2015. During the year, the District revises the budget as it attempts to deal with unforeseeable changes in receipts and disbursements as additional information becomes available. A schedule showing the District's original and final budget amounts compared with year-end actual amounts for the general fund is provided on page 19 of this report.

The final revised budget for general fund receipts totaled \$67.4 million compared to the original budget of \$66.2 million. The \$1.2 million increase in budgeted general fund receipts was primarily due to higher receipts from rental income related to the purchase of the new early childhood center. The facility generated rental income of \$0.5 million from January to June. The purchase of the facility was not known when the original budget was developed. Another reason for this increase is related to the food service program. The board approved price increases during the June board meeting after the original budget had been submitted to them. This ended up generating around \$0.4 million in additional revenue. The remainder of the increase is mainly related to tax revenue, which fluctuates based on changes in assessed values and collection levels.

The final revised budget for general fund expenses totaled \$62.4 million. When compared to the original budget of \$62.7 million, there were minimal changes in total spending mainly attributed to reductions in energy related costs. The original budget was developed anticipating some increase in fuel costs, but when prices remained low for an extended period the budget was reduced accordingly. In addition, electric and natural gas costs were down for the year due to a mild winter and the installation of energy efficient lighting in almost all district facilities.

**Capital Assets**

The District uses the cash basis of accounting and does not recognize amounts invested in land, buildings, furniture, equipment, and vehicles in the financial statements. However, the District does own and maintain over 2.7 million square feet of space. It is worth noting, the District's statement of values for insurance purposes lists replacement costs of buildings and grounds at \$449.6 million and contents at \$79.9 million for a total of \$529.5 million of assets not shown on the statement of assets, liabilities and fund balance.

**FORT ZUMWALT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

**Debt Administration**

At June 30, 2016, the School District had \$147.1 million in general obligation and capital appreciation bonds due in varying amounts with various rates of interest and maturing in various years through March 1, 2036. The purpose of all debt was to construct, equip, and renovate District facilities. The table below represents a summary of this outstanding debt.

Additional information concerning debt is available in the notes to basic financial statements, Note 5.

	<u>2016</u>	<u>2015</u>
General Obligation Bonds	\$146,770,000	\$132,550,000
Capital Appreciation Bonds	294,907	294,907
Capital Leases	1,883,708	4,779,333
Other Debt	-	55,000
Total	<u>\$148,948,615</u>	<u>\$137,679,240</u>

**Current Financial Issues and Concerns**

During the year, voters approved a \$.48 tax levy for the purpose of adding technology teachers, adding instructional coaches, and improving salaries. While negotiations were successful and a three-year agreement was reached to improve salaries, there is still some concern the district will continue to lag behind other districts in the area as they too are expected to increase wages. Moreover, as we strive to improve pay, benefit costs continue to increase putting pressure on the budget. The last item to note is the ever negative attitude toward taxes and government, which makes it challenging for law makers to provide much needed funding for education.

On a related note, basic formula funding also continues to be of concern. Since 2009, the state has not been able to fully fund the basic formula. This lack of additional funding is largely to blame for the District's current financial condition.

**Construction Activities**

At the beginning of the 2015-2016 school year, the District had \$7.7 million in bond funds available for construction and improvement projects. During the year, the district sold another \$25.0 million in general obligation bonds to use for facility acquisition, construction and renovation. Bond financed spending for the year totaled \$21.4 million which included the purchase of a new early childhood facility for \$7.0 million, the installation of new energy efficient lighting throughout the district for around \$5.6 million, and the construction of the district's 16<sup>th</sup> elementary school in Flint Hill costing roughly \$5.8 million. In addition, numerous other roofing, HVAC, painting, flooring, and WIFI/network upgrades were completed during the year making up the remaining \$3.0 million in spending.

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

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's financial condition. If you have questions about this report or need additional financial information, contact Jeffrey Orr, Chief Financial Officer, Fort Zumwalt School District, 555 East Terra Lane, O'Fallon, MO 63366, or by phone at 636-474-8513.

**FORT ZUMWALT SCHOOL DISTRICT  
STATEMENT OF NET POSITION – CASH BASIS  
JUNE 30, 2016**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 39,131,096
Restricted Assets:	
Cash and Investments	<u>24,085,382</u>
Total Assets	<u><u>\$ 63,216,478</u></u>
<b>NET POSITION</b>	
Restricted for:	
Student Scholarships	\$ 196,043
Debt Service	10,747,971
Capital Projects	13,141,368
Unrestricted	<u>39,131,096</u>
Total Net Position	<u><u>\$ 63,216,478</u></u>

See accompanying Notes to Basic Financial Statements.

**FORT ZUMWALT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES – CASH BASIS  
YEAR ENDED JUNE 30, 2016**

Functions/Programs	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Government Activities
<b>GOVERNMENTAL ACTIVITIES:</b>				
Instruction	\$ 119,979,664	\$ 4,487,680	\$ 11,003,912	\$ (104,488,072)
Student Services	15,650,317	-	-	(15,650,317)
Instructional Staff Support	6,954,237	-	319,946	(6,634,291)
Building Administration	14,641,850	-	-	(14,641,850)
General Administration and Central Services	5,923,270	-	-	(5,923,270)
Operation of Plant	16,950,194	-	-	(16,950,194)
Transportation	10,635,778	-	1,944,589	(8,691,189)
Food Service	5,927,689	4,433,147	2,205,964	711,422
Community Services	974,907	-	-	(974,907)
Facility Acquisition and Construction	21,085,211	-	-	(21,085,211)
Debt Service and Fiscal Charges	20,455,135	-	-	(20,455,135)
	<u>\$ 239,178,252</u>	<u>\$ 8,920,827</u>	<u>\$ 15,474,411</u>	<u>(214,783,014)</u>

**GENERAL RECEIPTS:**

Taxes	
Property Taxes, Levied for General Purposes	46,728,701
Property Taxes, Levied for Instruction	62,350,298
Property Taxes, Levied for Debt Services	15,463,532
Property Taxes, Levied for Capital Projects	1,867,639
Federal and State Aid Not Restricted to Specific Purposes	
General	59,308,171
Interest and Investment Earnings	213,426
Bond Premium	2,265,189
Sale of General Obligation and Refunding Bonds	28,210,000
Other	1,815,077
Subtotal, General Receipts	<u>218,222,033</u>
Change in Net Position	3,439,019
Net Position - Beginning	<u>59,777,459</u>
<b>NET POSITION - ENDING</b>	<u><b>\$ 63,216,478</b></u>

See accompanying Notes to Basic Financial Statements.

**FORT ZUMWALT SCHOOL DISTRICT  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE ARISING FROM  
CASH TRANSACTIONS – GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<b>Governmental Funds</b>				<b>Total</b>
	<b>General (Incidental) Fund</b>	<b>Special Revenue (Teachers) Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	
<b>ASSETS</b>					
<b>ASSETS</b>					
Cash and Investments	\$ 32,469,976	\$ -	\$ -	\$ -	\$ 32,469,976
Restricted Assets:					
Cash and Investments	196,043	-	10,747,971	13,141,368	24,085,382
<b>Total Assets</b>	<b>\$ 32,666,019</b>	<b>\$ -</b>	<b>\$ 10,747,971</b>	<b>\$ 13,141,368</b>	<b>\$ 56,555,358</b>
<b>FUND BALANCE</b>					
<b>FUND BALANCE</b>					
Restricted:					
Student Scholarships	\$ 196,043	\$ -	\$ -	\$ -	\$ 196,043
Debt Service	-	-	10,747,971	-	10,747,971
Capital Projects	-	-	-	13,141,368	13,141,368
Unassigned	32,469,976	-	-	-	32,469,976
<b>Total Fund Balance</b>	<b>\$ 32,666,019</b>	<b>\$ -</b>	<b>\$ 10,747,971</b>	<b>\$ 13,141,368</b>	<b>\$ 56,555,358</b>

See accompanying Notes to Basic Financial Statements.

**FORT ZUMWALT SCHOOL DISTRICT  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE (CASH BASIS)  
TO NET POSITION (CASH BASIS) OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2016**

Total Fund Balance - Cash Basis - Governmental Funds	\$ 56,555,358
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Amounts reported for governmental activities in the statement of net position are different because:

Fund Balances of Governmental Funds

Internal service funds are used by the District to charge the cost of insurance activities to individual funds. The net position of the internal service fund is included in governmental activities in the statement of net position.

<u>6,661,120</u>
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Total in Net Position - Governmental Activities	<u><u>\$ 63,216,478</u></u>
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**FORT ZUMWALT SCHOOL DISTRICT  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCE – CASH BASIS – GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016**

	<b>General (Incidental) Fund</b>	<b>Special Revenue (Teachers) Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>RECEIPTS</b>					
Local	\$ 55,976,916	\$ 60,449,351	\$ 15,143,440	\$ 1,885,654	\$ 133,455,361
County	1,196,139	1,911,694	398,441	48,205	3,554,479
State	6,170,060	60,215,484	-	-	66,385,544
Federal	4,001,444	4,395,592	306,639	-	8,703,675
Other	43,023	-	-	-	43,023
Total Receipts	<u>67,387,582</u>	<u>126,972,121</u>	<u>15,848,520</u>	<u>1,933,859</u>	<u>212,142,082</u>
<b>DISBURSEMENTS</b>					
Instruction	9,702,646	109,172,826	-	471,765	119,347,237
Student Services	5,415,479	10,143,916	-	-	15,559,395
Instructional Staff Support	1,960,178	3,808,393	-	1,158,605	6,927,176
Building Administration	6,059,152	8,496,082	-	-	14,555,234
General Administration and Central Services	4,586,738	1,004,804	-	315,674	5,907,216
Operation of Plant	16,735,159	-	-	135,076	16,870,235
Transportation	10,548,103	-	-	18,000	10,566,103
Food Service	5,851,499	-	-	44,345	5,895,844
Community Services	901,746	65,486	-	-	967,232
Facility Acquisition and Construction	-	-	-	21,085,211	21,085,211
Debt Service and Fiscal Charges	-	-	16,918,545	326,590	17,245,135
Total Disbursements	<u>61,760,700</u>	<u>132,691,507</u>	<u>16,918,545</u>	<u>23,555,266</u>	<u>234,926,018</u>
<b>RECEIPTS OVER DISBURSEMENTS</b>	5,626,882	(5,719,386)	(1,070,025)	(21,621,407)	(22,783,936)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer In	-	5,719,386	-	63,232	5,782,618
Transfer Out	(5,782,618)	-	-	-	(5,782,618)
Bond Premium	-	-	215,904	2,049,285	2,265,189
Sale of General Obligation and Refunding Bonds	-	-	3,210,000	25,000,000	28,210,000
Refunding of Bonds	-	-	(3,210,000)	-	(3,210,000)
Total Financing Sources (Uses)	<u>(5,782,618)</u>	<u>5,719,386</u>	<u>215,904</u>	<u>27,112,517</u>	<u>27,265,189</u>
<b>NET CHANGE IN FUND BALANCE</b>	(155,736)	-	(854,121)	5,491,110	4,481,253
<b>FUND BALANCE - CASH BASIS - JULY 1, 2015</b>	<u>32,821,755</u>	<u>-</u>	<u>11,602,092</u>	<u>7,650,258</u>	<u>52,074,105</u>
<b>FUND BALANCE - CASH BASIS - JUNE 30, 2016</b>	<u>\$ 32,666,019</u>	<u>\$ -</u>	<u>\$ 10,747,971</u>	<u>\$ 13,141,368</u>	<u>\$ 56,555,358</u>

See accompanying Notes to Basic Financial Statements.

**FORT ZUMWALT SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS (CASH BASIS)  
TO THE STATEMENT OF ACTIVITIES (CASH BASIS)  
YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balance - Governmental Funds	\$ 4,481,253
Reconciliation of Statement of Activities	
Amounts reported for governmental activities in the statement of activities are different because:	
Net Change in Fund Balances for Governmental Funds	
Internal Service funds are used by the District to charge the cost of insurance activities to individual funds. The change in net position of the internal service fund is included in governmental activities in the statement of activities.	<u>(1,042,234)</u>
Net Change in Net Position - Governmental Activities	<u><u>\$ 3,439,019</u></u>

*See accompanying Notes to Basic Financial Statements.*

**FORT ZUMWALT SCHOOL DISTRICT  
 STATEMENT OF FUND NET POSITION – CASH BASIS –  
 PROPRIETARY FUND  
 JUNE 30, 2016**

	Activities - Internal Activities - Internal Service Fund <hr style="border: 0.5px solid black;"/>
Current Assets Cash	\$       6,661,120 <hr style="border: 0.5px solid black;"/>
Net Position Unrestricted	\$       6,661,120 <hr style="border: 1px solid black;"/>

*See accompanying Notes to Basic Financial Statements.*

**FORT ZUMWALT SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND NET POSITION –  
CASH BASIS – PROPRIETARY FUND  
JUNE 30, 2016**

	Governmental Activities - Internal Service Fund
<b>CHARGES FOR SERVICES</b>	
Contributions by Employee	\$ 3,210,704
Contributions by Employer	18,957,201
Total Operating Revenue	22,167,905
<b>OPERATING DISBURSEMENTS</b>	
Claims	21,758,091
Admin Fees	1,452,048
Total Operating Disbursements	23,210,139
<b>CHANGE IN NET POSITION</b>	(1,042,234)
Net Position - Beginning of Year	7,703,354
<b>NET POSITION - END OF YEAR</b>	\$ 6,661,120

See accompanying Notes to Basic Financial Statements.

**FORT ZUMWALT SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –  
BUDGET TO ACTUAL – GENERAL FUND  
YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>RECEIPTS</b>				
Local	\$ 55,151,605	\$ 55,979,483	\$ 55,976,916	\$ (2,567)
County	1,162,087	1,195,636	1,196,139	503
State	6,379,326	6,121,849	6,170,060	48,211
Federal	3,398,062	4,015,315	4,001,444	(13,871)
Other	62,340	62,340	43,023	(19,317)
Total Receipts	<u>66,153,420</u>	<u>67,374,623</u>	<u>67,387,582</u>	<u>12,959</u>
<b>DISBURSEMENTS</b>				
Instruction	9,016,333	9,095,117	9,702,646	607,529
Student Services	5,517,670	5,481,867	5,415,479	(66,388)
Instructional Staff Support	2,228,008	2,207,780	1,960,178	(247,602)
Building Administration	6,065,389	6,166,466	6,059,152	(107,314)
General Administration and Central Services	5,032,714	4,844,981	4,586,738	(258,243)
Operation of Plant	17,195,998	17,046,399	16,735,159	(311,240)
Transportation	10,694,056	10,661,120	10,548,103	(113,017)
Food Service	5,989,080	5,934,765	5,851,499	(83,266)
Community Services	964,455	932,438	901,746	(30,692)
Total Disbursements	<u>62,703,703</u>	<u>62,370,933</u>	<u>61,760,700</u>	<u>(610,233)</u>
<b>RECEIPTS OVER DISBURSEMENTS</b>	3,449,717	5,003,690	5,626,882	623,192
<b>OTHER FINANCING USE</b>				
Transfer Out	-	(5,757,506)	(5,782,618)	(25,112)
<b>NET CHANGE IN FUND BALANCE</b>	3,449,717	(753,816)	(155,736)	598,080
<b>CASH BASIS FUND BALANCE - JULY 1, 2015</b>	<u>34,417,834</u>	<u>32,821,755</u>	<u>32,821,755</u>	<u>-</u>
<b>CASH BASIS FUND BALANCE - JUNE 30, 2016</b>	<u>\$ 37,867,551</u>	<u>\$ 32,067,939</u>	<u>\$ 32,666,019</u>	<u>\$ 598,080</u>

See accompanying Notes to Basic Financial Statements.

**FORT ZUMWALT SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –  
BUDGET TO ACTUAL – SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>RECEIPTS</b>				
Local	\$ 61,335,617	\$ 60,680,894	\$ 60,449,351	\$ (231,543)
County	1,943,669	1,911,040	1,911,694	654
State	60,977,013	59,695,483	60,215,484	520,001
Federal	4,582,661	5,116,697	4,395,592	(721,105)
Total Receipts	<u>128,838,960</u>	<u>127,404,114</u>	<u>126,972,121</u>	<u>(431,993)</u>
<b>DISBURSEMENTS</b>				
Instruction	110,803,854	109,458,918	109,172,826	(286,092)
Student Services	10,063,186	10,075,209	10,143,916	68,707
Instructional Staff Support	3,361,250	3,859,567	3,808,393	(51,174)
Building Administration	8,711,170	8,594,808	8,496,082	(98,726)
General Administration and Central Services	883,282	992,535	1,004,804	12,269
Community Services	78,258	77,301	65,486	(11,815)
Total Disbursements	<u>133,901,000</u>	<u>133,058,338</u>	<u>132,691,507</u>	<u>(366,831)</u>
<b>RECEIPTS UNDER DISBURSEMENTS</b>	(5,062,040)	(5,654,224)	(5,719,386)	(65,162)
<b>OTHER FINANCING SOURCE</b>				
Transfer In	<u>5,062,040</u>	<u>5,654,224</u>	<u>5,719,386</u>	<u>65,162</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>CASH BASIS FUND BALANCE - JULY 1, 2015</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH BASIS FUND BALANCE - JUNE 30, 2016</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Fort Zumwalt School District (the District) was established in 1959 under the statutes of the state of Missouri. The District operates as an urban “seven director” district as described in RSMo Chapter 162.461.1.

The District, located in St. Charles County, serves an area of approximately 125 square miles and is located 12 miles west of the Missouri River along Interstate Highway 70. The Cities of St. Peters and O’Fallon have most of their boundaries located within the District.

Some 1,462 certificated teachers, librarians and counselors with 106 administrators and 1,289 support staff (including secretaries, registered nurses, crisis counselors, therapists, custodians, maintenance staff, cooks, clerks, and bus drivers) make the District one of the area’s largest employers, providing services to approximately 18,059 students and other community members. The District currently operates 16 elementary schools (K-5), 4 middle schools (6-8), 4 high schools (9-12), and 1 alternative high school.

For financial reporting purposes, the District has included all funds, organizations, agencies, board, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District’s financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set fourth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization’s governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits or to impose specific financial burdens on the District.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The District’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. For the year ended June 30, 2016, all of the District’s activities are classified as governmental type.

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

**Government-Wide Financial Statements**

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the District's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts 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 be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the District.

**Fund Financial Statements**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District uses only the governmental category of funds. All the funds of the District are considered major due in part to an administrative directive from the Missouri Department of Elementary and Secondary Education.

**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 disbursements for certified employees involved in administration and instruction. It includes receipts restricted by the state and local tax levy for the payment of teacher salaries and certain employee benefits.

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

**Capital Projects Fund:** Accounts for the proceeds of long-term debt, taxes, and other receipts restricted for acquisition or construction of major capital assets, payment of capital leases, and certain equipment and disbursements designated by Missouri statute.

**Proprietary Fund**

**Internal Service Fund:** The Internal Service Fund accounts for premiums collected for the payment of claims associated with the District's self insurance activities (primarily medical benefits). Disbursements consist primarily of claims paid for medical treatment and prescription drugs along with miscellaneous government fees, claims administration, and reinsurance fees.

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

***Government-Wide Financial Statements***

The District's policy is to prepare its government-wide financial statements on the cash basis of accounting, consequently, receipts are recognized when received rather than when earned, and disbursements and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Accordingly, the government-wide financial statements present the net position and activities of the District on a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

***Fund Financial Statements***

The District's policy is to prepare its fund financial statements on the cash basis of accounting; consequently, receipts are recognized when received rather than when earned, and disbursements and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Accordingly, the fund financial statements present the financial position and results of operations of the funds on a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

**Budgetary Data**

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.

Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.

Prior to approval of the annual budget by the Board of Education, a public hearing is conducted to obtain taxpayer comments. The budget document is available for public inspection prior to the public hearing.

The budget was legally enacted by the vote of the Board of Education on June 29, 2015. 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 monthly financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education.

Budgets for District funds are prepared and adopted on the cash basis (budget basis), recognizing receipts when collected and disbursements when paid.

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted Assets**

Restricted cash and investments represent amounts whose use is limited by legal requirements imposed by creditors, contributors, grantors, state or federal laws, or imposed by enabling legislation. Restricted assets consist of \$196,043 for scholarship purposes, and \$13,141,368 for purposes of constructing new building and making improvements to existing structures, and \$10,747,971 for debt service.

**Cash and Investments**

The District maintains an investment pool that is available for use for all funds. Debt Service Funds are required by Section 165.011 RSMo to maintain separate cash and investment accounts. The pool consists of interest bearing money market funds, the Missouri Securities Investment Program, an unregulated external investment pool, and the Missouri Direct Deposit Program, also an unregulated external investment pool. Participation in the Missouri Securities Investment Program and the Missouri Direct Deposit Program are voluntary. In addition, other cash and investments are separately held by the District's funds.

Investments are carried at cost. Investment earnings include interest income received. Investment income earned in the pooled accounts is allocated to the participating funds in proportion to the average balances in each fund. Other investment income is assigned to the funds with which the related investment asset is associated.

**Compensated Absences**

Vacation time, personal business days, and sick leave are recorded as disbursements in the year paid.

**Teachers' Salaries**

Payroll checks written and dated in June 2016, for July and August 2016 payrolls from 2015–2016 contracts, are included in the financial statements as a disbursement paid in the month of June. This practice has been consistently followed in the previous years.

**Postemployment Benefits**

In addition to the pension benefits described in Note 8, the District provided postemployment payments to select groups of employees who completed their letter of employment and retired from the District at the end of the 2015-2016 school year. The District provides an annual \$6,000 stipend for three years to certified retirees who met the 12-year service criteria and were eligible to retire under PSRS and complete a separation agreement. Moreover, support staff who met the 10-year service criteria and are eligible to retire under PEERS or PSRS are also eligible to receive the \$6,000 stipend for three years after completing a separation agreement. Retired employees may also purchase health coverage on members of their family and that cost is paid to the District according the current group rates and terms. The District has reserved the right to modify future terms with regard to benefits for retirees. The unfunded portion of postemployment health care coverage is unknown.

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Postemployment Benefits (Continued)**

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The premium is paid by the insured either monthly or quarterly at the insured's discretion for the next period's coverage. There is no associated cost to the District under this program.

**Net Position**

Net Position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

**Fund Balance**

In the fund financial statements, restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). The Board of Education (the Board) has the authority to set aside funds for a specific purpose. Commitments are authorized by the Board based on fund placement in the original adopted and later revised budget, as well as by Board resolution. Upon adoption of a budget where fund balance is used as a source to balance the budget, the Chief Financial Officer shall record the amount as Assigned Fund Balance. The Board delegates the authority to assign amounts for specific purposes to the Chief Financial Officer. Unassigned fund balances are considered the remaining amounts. When both restricted and unrestricted funds are available for disbursement, restricted funds should be spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for disbursement, committed funds should be spent first, assigned funds second, and unassigned funds last.

The nature and purposes of the restricted balances are:

Restricted for Student Scholarships: The District has \$196,043 segregated for scholarships.

Restricted for Capital Projects: The District has \$13,141,368 set aside for purposes of future capital projects through the Capital Projects Fund.

Restricted for Debt Services: The District has \$10,747,971 set aside for purposes of future debt related items.

The Board recognizes that the maintenance of fund balances are essential to provide for unforeseen expenses or emergencies and to provide working capital in the first several months of the fiscal year until sufficient receipts are available to fund operations. By maintaining appropriate fund balances, the District can avoid excessive short-term borrowing and interest expense.

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance (Continued)**

The District strives to maintain a minimum fund balance in its operating funds no less than a range of 12% - 15% of its prior year operating disbursements. This minimum level is estimated to be sufficient to provide adequate resources to meet operational needs, to allow for emergencies, and to permit necessary adjustments resulting from fluctuations in revenue sources. If fund balances are ever projected to decline below the 12% floor, administration will develop a plan to replenish the fund balance above the minimum level. The classifications of committed, assigned and unassigned will be combined when calculating the minimum operating fund balance.

**Interfund Activity**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

**NOTE 3 CASH AND INVESTMENTS**

**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 maintains a cash and investment pool that is available for use by all funds (state law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District). Each fund type's portion of this pool is displayed on the combined statement of assets, and fund balances arising from cash transactions under each fund's caption. In accordance with applicable Missouri statute, the District maintains deposits at depository banks authorized by the District's board.

**Custodial Credit Risk – Repurchase Agreements and Certificates of Deposit**

The District has a custodial credit risk policy for repurchase agreement investments and for certificates of deposit which requires these funds to be collateralized at least 102% or greater of the balance plus any demand deposit with the depository, less any insurance (FDIC or NCUSIF), as applicable. As of June 30, 2016, the District was not exposed to custodial credit risk. Missouri Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 100% of the deposits not covered by insurance or corporate surety bonds.

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk – Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District has a custodial credit risk policy to minimize credit risk by (1) pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the District will do business and (2) diversifying the portfolio so that potential losses on individual securities will be minimized. Securities from issuers totaling five percent or more of the District's investment balance are as follows:

Commercial Paper: Four corporate debt securities comprised the balance of investments listed as commercial paper. Each of these debt securities exceeded 5% of the District's total investments, and comprise 33.9% of the District's investments in total.

**Deposits**

The District's deposits in banks at June 30, 2016, were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Missouri Statutes.

**Investments**

The District may purchase any investments allowed by the State Treasurer and Repurchase Agreements. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than five years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within 180 days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law and/or board policy.

The District also participates in the Missouri Securities Investment Program (MOSIP). All funds of MOSIP are invested in accordance with Section 165.051 of the Missouri Revised Statutes. Each school district owns a proportionate share of each investment or deposit which is held in the name of the fund.

The District participates in the Missouri Direct Deposit Program which is a mechanism for public school bond repayments through the Missouri Health and Educational Facilities Authority (MOHEFA) Bond Program. It authorizes the direct deposit of a portion of the District's state aid payment by the state of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payments to the paying agent on the bonds. Investments in this program are classified as restricted investments.

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investment Credit Risk**

The District has policies in place to minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- pre-qualifying the institution with which the District will do business.
- diversifying the portfolio so that potential losses on individual securities will be minimized.

A summary of the District's investments, credit risk, and weighted average maturities as of June 30, 2016 is as follows:

<u>Type of Investments</u>	<u>S&amp;P Credit Rating</u>	<u>Weighted Maturity</u>	<u>Carrying Amount</u>
Commercial Paper	AAA	2.0 Months	\$ 19,880,867
Certificate of Deposit	Not Applicable	7.2 Months	100,000
U.S. Treasury Notes	AA+	12.8 Months	2,186,543
Federal Agency Bonds and Notes	AA+	2.8 Months	2,209,660
External Investment Pools:			
Missouri Securities Investment Program	AAAm	Not Applicable	28,100,000
Missouri Direct Deposit Program	AA+	Not Applicable	6,109,507
Total			<u>\$ 58,586,577</u>

Investments in the Missouri Direct Deposit Program external investment pool are redeemable every six months based on the general obligation bonds principal and interest debt service requirements. The underlying securities in this program are comprised as follows:

<u></u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Carrying Amount</u>
Wells Fargo Government Money Market Fund	N/A	N/A	\$ 6,109,507
Total			<u>\$ 6,109,507</u>

**Investment Interest Rate Risk**

The District has policies in place to minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investments portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities. Investments in banker's acceptances and commercial paper shall mature in no more than 180 days from purchase date and all other investments, with the exception of investments in the Missouri Direct Deposit Program, shall mature and become payable in no more than five (5) years from the purchase date. Weighted average maturities of investments held at June 30, 2016 are provided in the schedule above.

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 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 county collects the property tax and remits it to the District. The District also receives sales tax collected by the state, remitted based on Weighted Average Daily Attendance (WADA). 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. On April 3, 2001, the patrons of the District voted to forego this reduction in property taxes, thus earmarking the entire amount for education.

The assessed valuation of the tangible taxable property for the calendar year 2015 for purposes of local taxation was \$2,178,895,863.

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

	Unadjusted	Adjusted
General (Incidental) Fund	\$ 1.9746	\$ 1.9746
Special Revenue (Teachers) Fund	2.0000	2.0000
Debt Service Fund	0.6900	0.6900
Capital Projects Fund	0.0800	0.0800
Total	\$ 4.7446	\$ 4.7446

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2016 aggregated approximately 99.7% of the current assessment computed on the basis of the levy as shown above.

**NOTE 5 LONG-TERM LIABILITIES**

Long-term liability balances and activity of the District's Governmental Activities for the year ended June 30, 2016 were as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
General Obligation Bonds	\$ 132,550,000	\$ 28,210,000	\$ (13,990,000)	\$ 146,770,000	\$ 9,538,665
Capital Appreciation Bonds	294,907	-	-	294,907	-
Capital Leases	4,779,333	989,135	(3,884,760)	1,883,708	1,033,422
Other Debt	55,000	-	(55,000)	-	-
Total Long-Term Liabilities	\$ 137,679,240	\$ 29,199,135	\$ (17,929,760)	\$ 148,948,615	\$ 10,572,087

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**General Obligation Bonds**

General obligation bonds payable at June 30, 2016, consist of:

\$48,615,000 school bonds, series 2006B, dated November 13, 2006, due in varying annual installments through March 1, 2022, interest at 3.75% to 5.00%.	\$ 17,155,000
\$1,485,000 refunding bonds, series 2010A, dated March 15, 2010 due in varying annual installments through March 1, 2021, interest at 4.25% to 5.00%.	350,000
\$7,000,000 school bonds, series 2010B, dated March 15, 2010, due in varying annual installments through March 1, 2030, interest at 3.80% to 5.625%.	7,000,000
\$11,840,000 school bonds, series 2010C, dated November 30, 2010, due in varying annual installments through March 1, 2026, interest at 3.7% to 5.05%.	11,840,000
\$6,660,000 school bonds, series 2010D, dated November 30, 2010, due in varying annual installments through March 1, 2029, interest at 5.3%	6,660,000
\$2,695,000 refunding bonds, series 2012A, dated January 17, 2012, due in varying annual installments through March 1, 2026, interest at 3.00%.	2,695,000
\$2,715,000 refunding bonds, series 2012B, dated January 17, 2012, due in one installment on March 1, 2024, interest at 3.20%.	2,715,000
\$5,715,000 refunding bonds, series 2012C, dated February 28, 2012, due in varying annual installments through March 1, 2023, interest at 2.00% to 3.00%.	4,405,000
\$32,445,000 refunding bonds, series 2013A, dated January 30, 2013, due in varying installments through March 1, 2023, interest at 1.5% to 4.0%.	31,595,000
\$5,715,000 refunding bonds, series 2013B, dated January 30, 2013, due in varying annual installments through March 1, 2020, interest at 1.0% to 4.0%.	3,675,000
\$15,000,000 refunding bonds, series 2013C, dated May 20, 2013, due in varying annual installments through March 1, 2033, interest at 2.40% to 4.00%.	15,000,000
\$10,970,000 refunding bonds, series 2014A, dated February 4, 2014, due in varying annual installments through March 1, 2026, interest at 4.00%.	10,970,000
\$4,500,000 school bonds, series 2014B, dated December 30, 2014, due in varying annual installments through March 1, 2029, interest at 4.0%.	4,500,000
\$19,980,000 school bonds, series 2015, dated July 1, 2015, due in varying annual installments through March 1, 2035, interest at 2.0% to 5.0%	19,980,000
\$8,230,000 school bonds, series 2016, dated April 27, 2016, due in varying annual installments through March 1, 2036, interest at 3.0% to 4.0%.	<u>8,230,000</u>
Total	<u><u>\$146,770,000</u></u>

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**General Obligation Bonds (Continued)**

General obligation bond debt service requirements to maturity are:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 9,490,000	\$ 5,824,071	\$ 15,314,071
2018	9,785,000	5,521,062	15,306,062
2019	10,235,000	5,183,278	15,418,278
2020	10,375,000	4,781,848	15,156,848
2021	10,795,000	4,369,813	15,164,813
2022-2026	48,885,000	15,633,612	64,518,612
2027-2031	29,235,000	7,378,762	36,613,762
2032-2036	17,970,000	1,608,500	19,578,500
Total	<u>\$ 146,770,000</u>	<u>\$ 50,300,946</u>	<u>\$ 197,070,946</u>

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 its legal debt margin at June 30, 2016.

During the fiscal year ended June 30, 2016, the District issued \$28,210,000 of general obligation bonds. A portion of these general obligation bonds was used to advance refund \$3,210,000 of the outstanding Series 2006B bonds with interest rates ranging from 3.75 to 5%. The District used the net proceeds to purchase U.S. government securities. These proceeds were deposited in an escrow account to provide for all future debt service on the old bonds. The bonds are considered to be defeased and the liability for those bonds as well as the escrow account are not recorded in the financial statements. As a result of the refunding, debt service payment decreased by \$232,792 and there was an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$222,493

**Capital Appreciation Bonds**

On March 15, 2010, the District issued Capital Appreciation Bonds with an accretion rate of 12.1% and maturities of \$110,000 and \$105,000 on March 1, 2017 and 2018, respectively.

On January 30, 2013, the District issued Capital Appreciation Bonds with an accretion rate of 21.21% and maturity of \$1,255,000 on March 1, 2022.

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

Capital appreciation bond debt service requirements to maturity are:

Year Ended June 30,	Principal	Interest	Total
2017	\$ 48,665	\$ 61,335	\$ 110,000
2018	41,288	63,712	105,000
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022-2024	204,954	1,050,046	1,255,000
Total	<u>\$ 294,907</u>	<u>\$ 1,175,093</u>	<u>\$ 1,470,000</u>

**Capital Leases**

The District has capital leases for digital mailing systems and personal computers. During the year ended June 30, 2016, the District entered into lease obligations, classified as capital leases, for certain computer equipment. Under the cash basis of accounting, the District does not reflect the lease obligations in the statement of cash receipts and disbursements. The District records the payments under the lease agreements as disbursements when funds are expended.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

Year Ended June 30,	Total
2017	\$ 1,063,372
2018	608,602
2019	255,946
2020	2,040
2021	1,190
Total minimum lease payments	<u>1,931,150</u>
Less: Amount representing interest	<u>(47,442)</u>
Present value of future minimum lease payments	<u>\$ 1,883,708</u>

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 6 OPERATING LEASES**

The District's future minimum rental commitments for various office equipment and school bus leases, accounted for as operating leases at June 30, 2016, are as follows:

Year Ended June 30,	Various Operating Leases
2017	\$ 2,316,953
2018	264,349
2019	125,616
2020	77,023
2021	77,023
Thereafter	40,408
Total	\$ 2,901,372

Rent payments for fiscal year ending June 30, 2016 were \$2,084,610 for the District.

**NOTE 7 INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2016 consisted of \$5,719,386 transferred to the Special Revenue Fund and \$63,232 to the Capital Projects Fund from the General Fund. The General Fund transfers were used to move tax, grant, and other revenues allowed by statute to be collected by the General Fund to the required fund for disbursement.

**NOTE 8 RETIREMENT PLAN**

**PEERS**

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

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8 RETIREMENT PLAN (CONTINUED)**

*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. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at [www.psr-peers.org](http://www.psr-peers.org).

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

*Contributions.* PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 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.

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8 RETIREMENT PLAN (CONTINUED)**

The District's contributions to PEERS for the years ending June 30, 2016, 2015, and 2014 were \$2,443,876, \$2,406,253, and \$2,410,919, respectively, equal to the required contributions for each year.

**PSRS**

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

*Benefits Provided.* PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at [www.psr-peers.org](http://www.psr-peers.org). Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

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

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8 RETIREMENT PLAN (CONTINUED)**

*Contributions.* PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2016. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS board of trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the state of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo. The District's contributions to PSRS for the years ending June 30, 2016, 2015, and 2014 were \$14,319,525, \$13,899,460, and \$13,567,459, respectively, equal to the required contributions for each year.

**NOTE 9 PARTICIPATION IN PUBLIC ENTITY RISK POOL – (MUSIC)**

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 participates in an insurance trust with approximately 467 other Missouri Public School Districts that form the Missouri United School Insurance Council (MUSIC). MUSIC is a public entity risk pool currently operating as a common risk management and insurance program.

The District does not pay premiums to purchase insurance policies but pays an assessment to be a member of the self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. By participating in this pool, the District can obtain coverage more economically than if purchased separately.

The pooling agreement requires the pool to be self-sustaining. The District believes that it is not possible to estimate the range of contingent losses to be borne by the District.

The District has not had any significant decreases in coverage over the prior year and settled claims have not exceeded coverage in any of the preceding three years.

**NOTE 10 SELF INSURANCE**

The District has a self-insurance plan which covers participating employees' and retirees' medical coverage. Both the members and the District contribute to a reserve maintained by an insurance administrator, which is used to pay claims. The District utilizes an Internal Service Fund to account for the activity of the plan. A premium is charged to each fund that accounts for employees' salaries based on past trends and experience. Provisions are also made for unexpected or unusual claims. The District purchases stop loss insurance coverage to limit its exposure to catastrophic claims in excess of \$300,000 per individual.

**FORT ZUMWALT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

**Litigation**

The District is subject to asserted and unasserted claims encountered in the normal course of business. The District's management and legal counsel assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the District or unasserted claims that may result in such proceedings, the District's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, disposition of these matters will not have a material effect on the District's financial condition or results of operations.

**Federal and State Revenue**

Amounts received from federal or state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

SCHEDULE 1

FORT ZUMWALT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-through Grantor/ Cluster or Program Title	Federal CFDA Number	FAIN	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION:</b>				
<i>Pass-through Missouri Department of Elementary and Secondary Education:</i>				
IDEA Cluster:				
IDEA Entitlement, Part B	84.027A	H027A140040	092-087	\$ 922,753
IDEA Entitlement, Part B	84.027A	H027A150040	092-087	2,291,166
State-Wide Collaborative Work Initiative	84.027A	H027A130147	092-087	23,406
State-Wide Collaborative Work Initiative	84.027A	H027A140040	092-087	71,763
IDEA, Part B High Needs Fund	84.027A	H027A140040	092-087	98,549
IDEA, Part B High Needs Fund	84.027A	H027A150040	092-087	183,085
State Grants for Assistive Technology	84.027A	H027A150040	098-087	8,466
IDEA, Early Childhood Special Education	84.027A	H027A150040	092-087	405,335
IDEA, Early Childhood Special Education	84.173A	H173A150103	092-087	128,949
Total IDEA Cluster				<u>4,133,472</u>
Title I Grants to Local Educational Agencies	84.010A	S010A140025	092-087	305,070
Title I Grants to Local Educational Agencies	84.010A	S010A150025	092-087	921,634
Title II, Part A of ESEA	84.367A	S367A140024	092-087	193,089
Title II, Part A of ESEA	84.367A	S367A150024	092-087	131,744
Title III, Part A of ESEA	84.365A	S365A140025	092-087	52,408
Title III, Part A of ESEA	84.365A	S365A150025	092-087	24,101
Vocational Education-Carl Perkins	84.048A	V048A140025	092-087	153,948
Vocational Education-Carl Perkins	84.048A	V048A150025	092-087	16,147
Total				<u>1,798,141</u>
Total U.S. Department of Education				<u>5,931,613</u>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>				
<i>Pass-through Missouri Department of Elementary and Secondary Education:</i>				
Child Nutrition Cluster:				
<i>Non Cash Assistance (Commodities):</i>				
National School Lunch Program	10.555	2014CN109943	092-087	650,425
<i>Non Cash Assistance Subtotal</i>				<u>650,425</u>
<i>Cash Assistance:</i>				
National School Lunch Program	10.555	2015IN109943	092-087	354,233
National School Lunch Program	10.555	2016N109943	098-087	1,422,508
School Breakfast Program	10.553	2015IN109943	092-087	78,494
School Breakfast Program	10.553	2016N109943	092-087	307,852
<i>Cash Assistance Subtotal</i>				<u>2,163,087</u>
Total Child Nutrition Lunch Cluster				<u>2,813,512</u>
Total U.S. Department of Agriculture				<u>2,813,512</u>
Total Federal Financial Assistance				<u><u>\$ 8,745,125</u></u>

**FORT ZUMWALT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the cash basis of accounting with the exception of commodities, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**Summary of Significant Accounting Policies**

Expenditures reported on the schedule of expenditures of federal awards are reported on the cash basis of accounting and, accordingly, represent the total cash expended for the program. The schedule of expenditures of federal awards does not include transactions that might be included using the accrual basis of accounting as contemplated by generally accepted accounting principles.

**Indirect Cost Rate**

The School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**FORT ZUMWALT SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL – DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>RECEIPTS</b>				
Local	\$ 15,486,163	\$ 15,333,939	\$ 15,143,440	\$ (190,499)
County	379,951	390,920	398,441	7,521
Federal	613,074	613,278	306,639	(306,639)
Total Receipts	<u>16,479,188</u>	<u>16,338,137</u>	<u>15,848,520</u>	<u>(489,617)</u>
<b>DISBURSEMENTS</b>				
Debt Service	20,120,491	20,152,676	16,918,545	(3,234,131)
Total Disbursements	<u>20,120,491</u>	<u>20,152,676</u>	<u>16,918,545</u>	<u>(3,234,131)</u>
<b>RECEIPTS UNDER DISBURSEMENTS</b>	(3,641,303)	(3,814,539)	(1,070,025)	2,744,514
<b>OTHER FINANCING SOURCES</b>				
Bond Premium	-	-	215,904	215,904
Sale of Refunding Bonds	3,210,000	3,210,000	3,210,000	-
Refunding of Bonds	-	-	(3,210,000)	(3,210,000)
Total Other Financing Sources	<u>3,210,000</u>	<u>3,210,000</u>	<u>215,904</u>	<u>215,904</u>
<b>NET CHANGE IN FUND BALANCE</b>	(431,303)	(604,539)	(854,121)	2,960,418
<b>CASH BASIS FUND BALANCE - JULY 1, 2015</b>	<u>14,280,322</u>	<u>11,602,092</u>	<u>11,602,092</u>	<u>-</u>
<b>CASH BASIS FUND BALANCE - JUNE 30, 2016</b>	<u>\$ 13,849,019</u>	<u>\$ 10,997,553</u>	<u>\$ 10,747,971</u>	<u>\$ (249,582)</u>

**SCHEDULE 2  
(CONTINUED)**

**FORT ZUMWALT SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –  
BUDGET TO ACTUAL – CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>RECEIPTS</b>				
Local	\$ 3,088,540	\$ 3,920,275	\$ 1,885,654	\$ (2,034,621)
County	55,286	56,882	48,205	(8,677)
Total Receipts	<u>3,143,826</u>	<u>3,977,157</u>	<u>1,933,859</u>	<u>(2,043,298)</u>
<b>DISBURSEMENTS</b>				
Instruction	349,312	424,499	471,765	47,266
Student Services	14,000	-	-	-
Instructional Staff Support	1,066,574	1,160,574	1,158,605	(1,969)
Building Administration	6,000	4,935	-	(4,935)
General Administration and Central Services	554,357	351,957	315,674	(36,283)
Operation of Plant	146,500	139,819	135,076	(4,743)
Transportation	-	18,000	18,000	-
Food Service	60,575	47,175	44,345	(2,830)
Facility Acquisition and Construction	25,314,548	34,250,752	21,085,211	(13,165,541)
Debt Service	226,121	332,986	326,590	(6,396)
Total Disbursements	<u>27,737,987</u>	<u>36,730,697</u>	<u>23,555,266</u>	<u>(13,175,431)</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(24,594,161)	(32,753,540)	(21,621,407)	11,132,133
<b>OTHER FINANCING SOURCES</b>				
Transfer In	-	103,282	63,232	(40,050)
Bond Premium	-	-	2,049,285	2,049,285
Sale of Bonds	16,770,000	25,000,000	25,000,000	-
Total Other Financing Sources	<u>16,770,000</u>	<u>25,103,282</u>	<u>27,112,517</u>	<u>2,009,235</u>
<b>NET CHANGE IN FUND BALANCE</b>	(7,824,161)	(7,650,258)	5,491,110	13,141,368
<b>CASH BASIS FUND BALANCE - JULY 1, 2015</b>	<u>15,957,359</u>	<u>7,650,258</u>	<u>7,650,258</u>	<u>-</u>
<b>CASH BASIS FUND BALANCE - JUNE 30, 2016</b>	<u>\$ 8,133,198</u>	<u>\$ -</u>	<u>\$ 13,141,368</u>	<u>\$ 13,141,368</u>

**SCHEDULE 3**

**FORT ZUMWALT SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS BY SOURCE – ALL GOVERNMENTAL FUNDS – CASH BASIS  
YEAR ENDED JUNE 30, 2016**

	Government Funds				Total
	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	
<b>LOCAL</b>					
Current Taxes	\$ 40,593,333	\$ 41,125,873	\$ 14,188,453	\$ 1,645,031	\$ 97,552,690
Delinquent Taxes	2,288,368	2,318,389	799,846	92,735	5,499,338
School District Trust Fund	-	16,771,766	-	-	16,771,766
Financial Institution Taxes	-	-	-	72,764	72,764
M & M Surcharge Tax	2,431,166	-	-	-	2,431,166
In Lieu of Tax	219,695	222,577	76,789	8,903	527,964
Transportation Fees from Patron	114,187	-	-	-	114,187
Earnings on Investment	69,744	5,313	72,152	66,221	213,430
Food Service Program	2,111,821	-	-	-	2,111,821
Food Service Non-Program	2,321,326	-	-	-	2,321,326
Student Activities	4,330,470	-	-	-	4,330,470
Other Local	1,496,806	5,433	6,200	-	1,508,439
<b>Total Local</b>	<b>55,976,916</b>	<b>60,449,351</b>	<b>15,143,440</b>	<b>1,885,654</b>	<b>133,455,361</b>
<b>COUNTY</b>					
Fines, etc.	-	360,718	-	-	360,718
State Assessed Utilities	1,196,139	1,550,976	398,441	48,205	3,193,761
<b>Total County</b>	<b>1,196,139</b>	<b>1,911,694</b>	<b>398,441</b>	<b>48,205</b>	<b>3,554,479</b>
<b>STATE</b>					
Basic Formula	-	49,030,649	-	-	49,030,649
Transportation	1,944,589	-	-	-	1,944,589
Early Childhood Special Education	788,801	4,469,872	-	-	5,258,673
Basic Formula: Classroom Trust Fund	-	6,707,796	-	-	6,707,796
Parents as Teachers	351,177	7,167	-	-	358,344
Vocational/Technical Aid	33,258	-	-	-	33,258
Food Service	42,877	-	-	-	42,877
Career Education	108,511	-	-	-	108,511
Residential Placement	28,846	-	-	-	28,846
High Need Fund	2,872,001	-	-	-	2,872,001
<b>Total State</b>	<b>6,170,060</b>	<b>60,215,484</b>	<b>-</b>	<b>-</b>	<b>66,385,544</b>

**SCHEDULE 3  
(CONTINUED)**

**FORT ZUMWALT SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS BY SOURCE – ALL GOVERNMENTAL FUNDS – CASH BASIS  
YEAR ENDED JUNE 30, 2016**

	Government Funds				Total
	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	
<b>FEDERAL</b>					
Medicaid	\$ 312,456	\$ -	\$ -	\$ -	\$ 312,456
Vocational Education - Title I, Basic Grant	-	163,421	-	-	163,421
Individuals with Disabilities Ed. Act, Part B	53,030	3,160,889	-	-	3,213,919
Early Childhood Special Education	80,142	454,141	-	-	534,283
School Lunch Program	1,776,741	-	-	-	1,776,741
Food Service	386,346	-	-	-	386,346
Title I - ESEA	683,650	537,154	-	-	1,220,804
Title II - Part A, ESEA	239,959	79,987	-	-	319,946
Title III - English Language Acquisition	83,851	-	-	-	83,851
IDEA Grants	385,269	-	-	-	385,269
Other - Federal	-	-	306,639	-	306,639
Total Federal	<u>4,001,444</u>	<u>4,395,592</u>	<u>306,639</u>	<u>-</u>	<u>8,703,675</u>
<b>OTHER</b>					
Tuition from Other Districts	15,566	-	-	-	15,566
Contracted Educational Services	27,457	-	-	-	27,457
Total Other	<u>43,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,023</u>
Total - All Sources	<u>\$ 67,387,582</u>	<u>\$ 126,972,121</u>	<u>\$ 15,848,520</u>	<u>\$ 1,933,859</u>	<u>\$ 212,142,082</u>

**FORT ZUMWALT SCHOOL DISTRICT  
SCHEDULE OF DISBURSEMENTS BY OBJECT  
YEAR ENDED JUNE 30, 2016**

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Total
Salaries	\$25,097,001	\$ 95,490,649	\$ -	\$ -	\$ 120,587,650
Employee Benefits	11,087,635	31,335,943	-	-	42,423,578
Purchased Services	11,035,144	5,864,915	-	242	16,900,301
Supplies	14,540,921	-	-	-	14,540,921
Capital Outlay	-	-	-	23,228,434	23,228,434
Debt Service and Fiscal Charges	-	-	16,918,545	326,590	17,245,135
	<u>\$61,760,701</u>	<u>\$132,691,507</u>	<u>\$ 16,918,545</u>	<u>\$ 23,555,266</u>	<u>\$ 234,926,019</u>

**FORT ZUMWALT SCHOOL DISTRICT  
SCHEDULE OF PRINCIPAL TAXPAYERS  
YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

The following schedule summarizes the top 10 taxpayers located within the tax jurisdiction of the District based on assessed valuation as of December 31, 2015:

Rank	Property Owner	Business	Assessed Valuation	Percentage of Total Assessed Valuation
1	True and True Inc / Three T's / Six T's	Manufacturing	\$ 21,667,637	0.99%
2	Mid Rivers Mall LLC	Mid Rivers Mall (Retail)	19,178,776	0.88%
3	Airwick Industries Inc	Pharmaceutical Wholesaler	14,422,006	0.66%
4	SunEdison Semiconductor LLC	Mfg. of Silicone Wafers	13,959,187	0.64%
5	Garden Villas of O'Fallon/Delmar Gardens	Adult Living	9,017,909	0.41%
6	TR Turnberry Corporation	Apartments	5,801,920	0.27%
7	Aldi, Inc.	Grocery Retail	5,751,864	0.26%
8	Laclede Gas Co.	Utility Company	5,715,708	0.26%
9	DP II LLC/ Caplaco Five Inc. / Caplaco Sixteen	Grocery Retail	5,347,209	0.25%
10	Darlington Enclave at Winghaven UI LLC	Apartments	5,221,086	0.24%
Total			<u>\$ 106,083,302</u>	4.87%
Total Assessed Valuation, December 31, 2015			<u>\$ 2,178,895,863</u>	



**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  
Fort Zumwalt School District  
O'Fallon, 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fort Zumwalt School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2016.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 result 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

St. Louis, Missouri  
December 9, 2016



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

Board of Education  
Fort Zumwalt School District  
O'Fallon, Missouri

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

We have audited Fort Zumwalt School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditors' 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of School District's Resources' 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 School District's Resources' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

St. Louis, Missouri  
December 9, 2016

**FORT ZUMWALT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified?  Yes  No
- Significant deficiency identified that is not considered to be a material weakness?  
 Yes  None Reported
- Noncompliance material to financial statements noted?  
 Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness identified?  Yes  No
- Significant deficiency identified that is not considered to be a material weakness?  
 Yes  None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

Yes  No

Identification of major programs?

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
84.027, 84.173	Special Education Cluster	\$ 4,133,472
	Total	<u>\$ 4,133,472</u>

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes  No

**FORT ZUMWALT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

**Section II – Financial Statement Findings**

The audit did not disclose any noncompliance which is material to the financial statements of the District.

**Section III – Federal Awards 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, 2016.

**FORT ZUMWALT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2016**

**Financial Statement Findings**

The audit did not disclose any noncompliance which is material to the financial statements of the District.

**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, 2015.

**INDEPENDENT AUDITORS' REPORT ON TRANSPORTATION COSTS PAID  
ELIGIBLE FOR STATE AID**

Board of Education  
Fort Zumwalt School District  
O'Fallon, Missouri

**Report on Transportation Costs**

We have audited the accompanying cash basis financial statements of the governmental activities, , each major fund, and the aggregate remaining fund information of Fort Zumwalt School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents. We have issued our report thereon dated December 9, 2016, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Report on Schedule of Transportation Disbursements is presented for purposes of additional analysis as required by the Missouri Department of Elementary and Secondary Education (DESE) and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Report on Schedule of Transportation Disbursements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

This report is intended solely for the information and the use of the administration, management, Board of Education, 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 specific parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

St. Louis, Missouri  
December 9, 2016

**FORT ZUMWALT SCHOOL DISTRICT  
SCHEDULE OF TRANSPORTATION DISBURSEMENTS – CASH BASIS  
YEAR ENDED JUNE 30, 2016**

	<b>Pupil Contracted</b>	<b>Pupil District Owned</b>	<b>Handicapped Contracted</b>	<b>Handicapped District Owned</b>	<b>Non- Allowable</b>	<b>Early Childhood Special Edu.</b>	<b>Total</b>
Non-Certified Salaries	\$ -	\$ 3,054,224	\$ -	\$ 1,161,621	\$ -	\$ 447,274	\$ 4,663,119
Fringe Benefits	-	1,513,754	-	569,025	-	239,554	2,322,333
Purchased Services	129,977	1,548,928	525,428	183,914	-	267,603	2,655,850
Supplies	-	622,182	-	203,191	3,061	78,367	906,801
Capital Outlay	-	-	-	-	18,000	-	18,000
<b>Total</b>	<b>\$ 129,977</b>	<b>\$ 6,739,088</b>	<b>\$ 525,428</b>	<b>\$ 2,117,751</b>	<b>\$ 21,061</b>	<b>\$ 1,032,798</b>	<b>\$ 10,566,103</b>



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CliftonLarsonAllen LLP  
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## **REPORT ON COMPLIANCE WITH STATE REQUIREMENTS**

Board of Education  
Fort Zumwalt School District  
O'Fallon, Missouri

We have examined management's assertions, included in its representation letter dated December 9, 2016, that Fort Zumwalt School District (the District) did comply with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures, attendance and pupil transportation records and other statutory requirements as listed in the Schedule of Selected Statistics. As discussed in that representation letter, management is responsible for the District's compliance with those requirements. 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 attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination does not provide a legal determination on the District's compliance with specified requirements.

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

This report is intended solely for the information and the use of the administration, management, Board of Education, 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 specific parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

St. Louis, Missouri  
December 9, 2016

**FORT ZUMWALT SCHOOL DISTRICT  
SCHEDULE OF SELECTED STATISTICS  
YEAR ENDED JUNE 30, 2016**

**Single Audit – Year Ended June 30, 2016  
Calendar (Sections 160.041 and 171.031, RSMo)**

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

Grades	Hours
K - 8	1,095.5
9 - 11	1,085.5
12	1,073.0

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

Grades	Days
K - 8	172
9 - 11	177
12	174

**Average Daily Attendance (ADA)**

	Full and Part-Time	Deseg In	Total
Regular Term	17,077.98	-	17,077.98
	Resident	Deseg In	
Summer School	119.72	-	119.72
Regular Term Plus Summer School ADA			17,197.70

**September Membership**

	Full and Part-Time	Deseg In	Total
September Membership FTE Count	17,960.02	-	17,960.02

**FORT ZUMWALT SCHOOL DISTRICT  
SCHEDULE OF SELECTED STATISTICS  
YEAR ENDED JUNE 30, 2016**

**Free and Reduced Priced Lunch FTE Count (Section 163.011(6), RSMo)**

	Full and Part-Time	Deseg In	Total
Free FTE	3,402.33	-	3,402.33
Reduced FTE	632.25	-	632.25
<b>Total</b>	<b>4,034.58</b>	<b>-</b>	<b>4,034.58</b>

**Finance**

As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of: \$ 50,000

The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. TRUE

The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. TRUE

Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. TRUE

If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. TRUE

The District published a summary of the prior years' audit report with 30 days of the receipt of the audit pursuant to Section 165.121, TRUE

The District has a professional development committee plan adopted by the board with the professional development committee identifying the expenditure of 75% of 1% of the current year basic formula apportionment. TRUE

The amount spent for approved professional development committee plan activities was: \$ 491,760

All above "False" answers must be supported by a finding or management letter comment.

Finding: N/A

Management Letter Comment: N/A

**FORT ZUMWALT SCHOOL DISTRICT  
SCHEDULE OF SELECTED STATISTICS  
YEAR ENDED JUNE 30, 2016**

**Transportation (Section 163.161, RSMo)**

The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. TRUE

The District's school transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported. TRUE

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	11,195
Ineligible ADT	1,077

The District's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year. TRUE

Actual odometer records show the total District-operated and contracted mileage for the year was: 2,224,454

Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:

Eligible Miles	2,021,692
Ineligible Miles (Non-Route/Disapproved)	202,762

Number of days the District operated the school transportation system during the regular school year: 177

All above "False" answers must be supported by a finding or management letter comment.

Finding: N/A

Management Letter Comment: N/A