
SCHOOL DISTRICT OF JENNINGS

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Education
School District of Jennings

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the School District of Jennings (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for 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 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.

Basis for Qualified Opinions on Governmental Activities, General Fund and Special Revenue Fund

Management has included an accrued payroll liability for payments that will be made to certain employees in July and August of the next fiscal year, as described in Note 1 to the financial statements. In our opinion, these transactions are not initially derived from cash receipts or cash disbursements of the current year; and therefore, do not meet the criteria to be recorded under the modified cash basis of accounting. If the financial statements were corrected to exclude these departures from the modified cash basis of accounting, the effects would (1) reduce liabilities, reduce expenditures and increase fund balance in the General Fund by \$193,825, (2) reduce liabilities, reduce expenditures and increase fund balance in the Special Revenue Fund by \$1,904,840, and (3) reduce liabilities, reduce expenses and increase net position of the governmental activities by \$2,098,665.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions on Governmental Activities, General Fund and Special Revenue Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position - modified cash basis of the governmental activities, General Fund, and Special Revenue Fund of the District as of June 30, 2017, and the changes in financial position - modified cash basis for the year then ended in conformity with the basis of accounting described in Note 1.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the Debt Service Fund and Capital Projects Fund of the District as of June 30, 2017, and the respective changes in financial position - modified cash basis for the year then ended in conformity with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The management's discussion and analysis, budgetary comparison schedules and related notes and schedule of selected statistics 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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The management's discussion and analysis, budgetary comparison schedules and related notes and schedule of selected statistics, except for the budgetary procedures and pupil attendance records, have 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 them.

Other Reporting Required Under *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
November 10, 2017

SCHOOL DISTRICT OF JENNINGS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017 - UNAUDITED

The discussion and analysis of the School District of Jennings' financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to examine the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- In total, net position increased \$1,248,819, which represents a 14.5 percent increase from 2016. This is due primarily to bond issue receipts exceeding expenditures and an operating fund surplus.
- Total assets of governmental activities increased by \$1,373,851 as restricted cash and investments increased, while the total liabilities increased by \$125,032.
- The School District had \$32,171,625 in expenditures, which represents a \$1,983,781 increase from 2016.
- Among major funds, the General Fund had \$14,114,694 in revenues and other financing sources and \$11,676,677 in expenditures. The General Fund's fund balance increased by \$416,508 from 2016. The School District transferred \$2,021,510 from the General Fund to the Special Revenue (Teachers) Fund. The Special Revenue Fund continues to maintain a zero fund balance through fund transfers from the General Fund.

Using This Annual Report

The School District's annual report consists of a series of financial statements that show information for the School District as a whole and its significant funds, as well as notes to those statements. The Statement of Net Position and the Statement of Activities (pages 17 and 18) provide information about the activities of the School District of Jennings as a whole and present a longer-term view of the School District's finances. The fund financial statements begin on page 19. These statements present how the School District financed our services in the short-term, as well as the amounts that remain for future spending. Also, fund statements may give some insight into the School District's overall financial health; they present the School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

Reporting the School District as a Whole

The Statement of Net Position and the Statement of Activities:

The analysis of the School District as a whole begins on page 17. 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 assets and liabilities using the modified cash basis of accounting. As such, all revenues are recognized when received, and expenditures and purchases of investments are recognized when cash is disbursed.

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

In addition, these two statements report the School District's net position and changes in the net 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 revenue and expense indicates the School District's operating results. However, the School District's mission is to provide services to our students, parents, and community, not to generate profits as commercial entities strive to do each year. Non-financial factors, such as the quality of education provided and the services offered to the community, must also be considered to assess the overall health of the School District.

The Statement of Net Position and Statement of Activities report governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported, including but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does not have any business-type activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements:

The School District's fund financial statements, which begin on page 19, provide detailed information about the District's most significant funds, not the School District as a whole. The School District utilizes several funds to account for a multitude of financial transactions. The School District's major governmental funds are the General (Incidental) Fund, Special Revenue (Teachers) Fund, Debt Service Fund and the Capital Projects Fund.

Governmental Funds:

All of the School District's services are reported in governmental funds, which focus on money flows into and out of the funds and balances remaining a year-end available for spending in future years. These statements include all significant assets and liabilities using the modified cash basis of accounting. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources available in the near future to finance the School District's programs.

The School District as a Whole

The School District's net position was \$9,835,553 at June 30, 2017. Of this amount, \$7,889,254 was unrestricted. 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. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the School District's governmental activities.

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

**TABLE 1
NET POSITION**

	2017	2016
Assets		
Cash and investments	\$ 11,547,259	\$ 10,201,013
Restricted cash and investments	386,959	359,354
Total Assets	11,934,218	10,560,367
Liabilities		
Accrued payroll	2,098,665	1,973,633
Total Liabilities	2,098,665	1,973,633
Net Position		
Restricted for		
Bond proceeds	711,610	-
Debt service	605,559	552,365
Food services	629,130	626,025
Unrestricted	7,889,254	7,408,344
Total Net Position	\$ 9,835,553	\$ 8,586,734

Total net position increased by \$1,248,819, as total assets increased by \$1,373,850 and total liabilities increased by \$125,032. The \$7,889,254 in unrestricted net position represents the accumulated results of all past years' operations. This means that if the School District had to pay off all its liabilities today, there would still be a balance of \$7,889,254 left for unrestricted purposes.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities on page 18. Table 2 takes the information from that Statement and rearranges it slightly so you can see our total revenue and the change in net position for the current and previous year.

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

**TABLE 2
CHANGES IN NET POSITION**

	2017	2016
Revenues:		
Program revenues:		
Charges for services and sales	\$ 722,771	\$ 439,738
Operating grants, contributions and debt proceeds	12,728,501	4,671,091
General revenues:		
Property taxes	5,806,461	5,592,085
Sales taxes	2,651,071	2,569,184
State aid	15,237,725	15,195,384
Investment income	75,701	29,488
Other	1,302,162	876,463
Total Revenues	38,524,392	29,373,433
Function/Program Expenses:		
Instruction	14,538,869	13,982,999
Support services:		
Student services	1,211,600	1,158,914
Instructional support	2,209,304	2,432,789
General administration	753,140	841,357
School administration	2,469,882	2,200,091
Operation of plant	3,744,817	3,818,589
Pupil transportation	272,095	198,294
Food services	1,771,028	1,759,525
Business and central services	358,002	454,008
Community services	1,240,967	1,215,058
Facilities	2,368,301	973,615
Debt service	6,337,568	1,152,605
Total Function/Program Expenses	37,275,573	30,187,844
Change in net position	1,248,819	(814,411)
Net position, beginning of year	8,586,734	9,401,145
Net position, end of year	\$ 9,835,553	\$ 8,586,734

Governmental Activities

The cost of all governmental activities totaled \$37,275,573 in fiscal year 2017. The School District's taxpayers funded \$5,806,461 or 15.6 percent of these costs. In addition to taxpayer funding, charges for services funded \$722,771 or 1.9 percent of the governmental activities' costs, and operating grants funded \$12,728,501 or 34.1 percent. State aid funded \$15,237,725 or 40.9 percent of costs.

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

Instruction comprises 39.0 percent of District expenses. Support services expenses make up 34.3 percent of the expenses.

**TABLE 3
COST OF PROGRAM SERVICES**

	Total Cost of Services	Net Cost of Services
Instruction	\$ 14,538,869	\$ 13,100,962
Support services:		
Student services	1,211,600	1,099,695
Instructional support	2,209,304	2,073,510
General administration	753,140	753,140
School administration	2,469,882	2,346,205
Operation of plant	3,744,817	3,722,459
Pupil transportation	272,095	66,351
Food services	1,771,028	(180,192)
Business and central services	358,002	355,778
Community services	1,240,967	81,805
Facilities	2,368,301	2,357,889
Debt service	6,337,568	(1,953,301)
Total	\$ 37,275,573	\$ 23,824,301

Instruction expenses include the activities dealing directly with the teaching of pupils, or the interaction between teachers and pupils.

Student services include the activities that are designed to assess and improve the well-being of pupils and to supplement the teaching process.

Instructional support includes the activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils.

General administration includes the expenses concerned with establishing and administering policy for operating the local education agency.

School administration includes the expenses concerned with overall administrative responsibility for a single school or a group of schools.

Operation of plant services are concerned with keeping the physical plant open, comfortable, and safe for use; and keeping the grounds, buildings, and equipment in an effective working condition and state of repair.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities.

Food services include the preparation, delivery, and servicing of breakfast, lunches, and snacks to students and school staff in connection with school activities.

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

Business and central services include the activities concerned with purchasing, paying, transporting, exchanging, and maintaining goods and services and activities other than general administration, which support each of the other instructional and supporting services programs.

Community services consist of those activities that do not directly relate to providing education for pupils in a school. These include services provided by the School District for the community as a whole or some segment of the community and community welfare activities.

Facilities consist of capital expenditures for the District's buildings.

Debt service involves the transactions associated with the payment of principal, interest and other related charges on debt of the School District.

The School District's Funds

As noted earlier, the School District uses funds to help it control and manage money for a particular purpose. Looking at funds helps you consider whether the School District is being accountable for the resources taxpayers and others provide, but it may also give insight into the School District's overall financial health.

Major funds are accounted for using the modified cash basis of accounting. All School District funds are considered major funds. In total, governmental funds had a fund balance of \$9,835,553 at June 30, 2017, which represents an increase of \$1,248,819 from the prior year.

**TABLE 4
FUND ACTIVITY SUMMARY**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Beginning Fund Balance, July 1, 2016	\$ 7,588,361	\$ -	\$ 552,365	\$ 446,008
Revenues	14,109,595	14,853,190	933,586	331,203
Expenditures	(11,676,677)	(16,874,700)	(949,339)	(2,670,909)
Other Financing Sources (Uses)	(2,016,410)	2,021,510	68,947	3,118,823
Change in Fund Balance	416,508	-	53,194	779,117
Ending Fund Balance, June 30, 2017	\$ 8,004,869	\$ -	\$ 605,559	\$ 1,225,125

Operating Funds Budget Highlights

The School District's budget is prepared according to Missouri law. The budget is based upon accounting for certain transactions on a modified cash basis. The most significant budgeted funds are the General Fund and Special Revenue Fund, collectively referred to as the Operating Funds.

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

During the course of the 2017 fiscal year, the School District amended its Operating Funds budget as needed, which resulted in additional appropriations of \$823,755 or a 2.9 percent increase.

The Operating Funds' final expenditure budget was \$28,980,322, while actual expenditures were \$28,551,377. The difference, \$428,945 or 1.5 percent, was due to the accumulation of overall under expending funds appropriated in various programs.

The final budgeted revenues for the Operating Funds were \$844,930, or 3.0 percent above the original budgeted revenues.

Debt Administration

At June 30, 2017, the School District had \$13,795,000 in general obligation bonds outstanding. These bonds are legal obligations of the School District and payable from property taxes received and expended from the Debt Service Fund.

OUTSTANDING GENERAL OBLIGATION DEBT June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
General Obligation Bonds:		
Series 2011	\$ 440,000	\$ 5,600,000
Series 2012	5,550,000	5,750,000
Series 2016	7,805,000	-
	<u>\$ 13,795,000</u>	<u>\$ 11,350,000</u>

During fiscal year 2007, the District entered into a lease purchase agreement with a company for various energy savings equipment and related installation. The lease is for a total amount of \$2,705,586 and calls for semi-annual payments of approximately \$119,340 at an interest rate of 4.19 percent. The final payment under this lease is due in November 2022.

During fiscal year 2015, the District entered into a lease purchase agreement with a company for various copier equipment. The lease is for a total of \$71,000 and calls for monthly payments of approximately \$1,388 at an interest rate of approximately 6.46 percent. The final payment under this lease is due in August 2019.

The present value of future minimum lease payments were \$1,195,120 at June 30, 2017 and \$1,393,258 at June 30, 2016.

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

Enrollment

Listed below are the District's historic enrollment figures as of September for the last five school years:

Year	Total Enrollment
2016-17	2,515
2015-16	2,528
2014-15	2,526
2013-14	2,537
2012-13	2,508

Source: District and DESE.

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SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

SUMMARY STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Years Ended June 30⁽¹⁾

	2017	2016	2015	2014	2013
General Fund					
Beginning Balance	\$ 7,588,361	\$ 7,464,684	\$ 7,396,787	\$ 6,668,815	\$ 6,576,875
Revenues	14,109,595	13,468,622	13,438,788	12,867,456	13,175,767
Expenditures	(11,676,677)	(11,780,747)	(11,853,527)	(11,784,402)	(11,668,014)
Other Sources (Uses)	(2,016,410)	(1,564,198)	(1,517,364)	(355,082)	(1,415,813)
Ending Balance	\$ 8,004,869	\$ 7,588,361	\$ 7,464,684	\$ 7,396,787	\$ 6,668,815
Special Revenue (Teachers') Fund					
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues	14,853,190	14,688,839	14,583,704	14,643,768	15,063,011
Expenditures	(16,874,700)	(16,253,037)	(16,101,068)	(14,993,985)	(16,478,824)
Other Sources (Uses)	2,021,510	1,564,198	1,517,364	350,217	1,415,813
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects Fund					
Beginning Balance	\$ 446,008	\$ 1,395,414	\$ 2,273,674	\$ 5,497,045	\$ 5,527,028
Revenues	331,203	317,303	328,793	338,904	2,849,366
Expenditures	(2,670,909)	(1,266,709)	(1,207,053)	(3,567,140)	(2,879,349)
Other Sources (Uses)	3,118,823	-	-	4,865	-
Ending Balance	\$ 1,225,125	\$ 446,008	\$ 1,395,414	\$ 2,273,674	\$ 5,497,045
Debt Service Fund					
Beginning Balance	\$ 552,365	\$ 541,047	\$ 647,659	\$ 737,663	\$ 782,685
Revenues	933,586	898,669	920,972	939,871	955,436
Expenditures	(949,339)	(887,351)	(1,027,584)	(1,029,875)	(1,000,458)
Other Sources (Uses)	68,947	-	-	-	-
Ending Balance	\$ 605,559	\$ 552,365	\$ 541,047	\$ 647,659	\$ 737,663
Total Funds					
Beginning Balance	\$ 8,586,734	\$ 9,401,145	\$ 10,318,120	\$ 12,903,523	\$ 12,886,588
Revenues	30,227,574	29,373,433	29,272,257	28,789,999	32,043,580
Expenditures	(32,171,625)	(30,187,844)	(30,189,232)	(31,375,402)	(32,026,645)
Other Sources (Uses)	3,192,870	-	-	-	-
Ending Balance	\$ 9,835,553	\$ 8,586,734	\$ 9,401,145	\$ 10,318,120	\$ 12,903,523

⁽¹⁾ Differences in this chart between beginning and ending balances due to rounding.

Source: District's Audited Financial Statements.

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

Historic Assessed Valuation

The assessed valuation of all taxable property situated in the District as of January 1 for the following years is shown below:

Calendar Year	Assessed Valuation⁽¹⁾	Percentage Change
2016	\$92,043,070	-0.4%
2015	92,440,290	-3.3
2014	95,577,080	-2.6
2013	98,142,200	-1.6
2012	99,744,650	+2.5

⁽¹⁾ Includes the incremental increase in assessed valuation over the established assessed valuation base within tax increment financing districts within the District.

Source: St. Louis County Department of Revenue Collections Division.

Assessed Valuation Components

The following table shows the total assessed valuation and estimated actual value, by category, of all taxable tangible property (excluding State assessed railroad and utility property) situated in the District as of January 1, 2016:

	Assessed Valuation⁽¹⁾	Assessment Rate	Actual Actual Total Valuation
Real Estate ⁽²⁾ :			
Residential	\$ 56,012,720	19%	\$ 294,803,789
Commercial	15,464,930	32%	48,327,906
Agriculture	-	12%	-
Total Real Estate	71,477,650		343,131,697
Personal Property ⁽²⁾	20,565,420	33.33%	61,702,430
TOTAL	\$ 92,043,070		\$ 404,834,127

⁽¹⁾ Includes the incremental increase in assessed valuation over the established assessed valuation base within tax increment financing districts within the District.

⁽²⁾ Locally Assessed Railroad and Utility Property are included in the real estate and personal property totals.
Source: St. Louis County Department of Revenue Collections Division.

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

Tax Rates

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

Fiscal Year Ended June 30	Special Revenue Fund	Incidental Fund	Capital Projects Fund	Debt Service Fund	Tax Adjusted Levy Total
2017	\$ 1.9952	\$ 3.3885	\$ -	\$ 0.9900	\$ 6.3737
2016	1.9952	3.3851	-	0.9900	6.3703
2015	1.9952	3.3877	-	0.9900	6.3729
2014	1.9952	3.3890	-	0.9900	6.3742
2013	1.9952	3.4859	-	0.9900	6.4711

Source: District

Tax Collection Rates

The following table sets forth tax collection⁽¹⁾ information for the District for the following fiscal years:

Fiscal Year Ended June 30	Total Taxes Levied⁽²⁾	Current Taxes Collected⁽²⁾		Current and Delinquent Taxes Collected^{(2), (3)}	
		Amount	Percent	Amount	Percent
		2017	\$ 5,866,549	\$ 4,873,671	83.08 %
2016	5,888,724	4,903,161	83.26	5,592,085	94.96
2015	6,091,032	4,959,621	81.42	5,744,864	94.32
2014	6,255,780	5,241,175	83.78	5,861,123	93.69
2013	6,454,576	5,463,924	84.65	5,995,458	92.89

⁽¹⁾ Tax collection figures reflect the taxes actually received by the District and are therefore net of any payments in lieu of taxes allocable to the incremental increase in assessed valuation over the established base assessed valuation for real property within a tax increment financing district within the District.

⁽²⁾ Taxes are levied and collected on a calendar year basis. Numbers shown reflect taxes levied and collected in the District's fiscal year, as indicated.

⁽³⁾ Delinquent taxes are shown in the year payment is actually received, which may cause the percentage of current and delinquent taxes collected to exceed 100 percent. Current and Delinquent Taxes Collected also includes the current year's protested taxes which have been released.

Source: St. Louis County Department of Revenue Collections Division.

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

Major Taxpayers

The largest ten taxpayers within the District according to their 2016 assessed valuations are listed below. These taxpayers represent 15.9 percent of the District's 2016 assessed valuation of \$92,043,070⁽¹⁾.

Firm	Assessed Valuation⁽¹⁾
Emerson Electric Company	\$ 3,945,060
TCB Plaza LLC	3,160,840
Missouri American Water Company	1,544,390
Target Corporation	1,272,890
Louisa Food Products Inc.	1,071,640
Emerson Electric Manufacturing Company	829,720
Cole WG Country Club Hills MO LLC	802,430
Laclede Gas Company	802,370
River Roads Senior LP	625,110
Brentwood Townhomes	616,870
<hr/>	
TOTAL	<u>\$14,671,320</u>

⁽¹⁾ Includes the incremental increase in assessed valuation over the established assessed valuation base within a tax increment financing district within the District.

Source: St. Louis County Department of Revenue Collections Division

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SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

Debt Ratios and Related Information

Estimated Population, District (2010):	17,392
Assessed Valuation (12/31/16) ⁽¹⁾	\$ 92,043,070
Estimated Actual Value (12/31/16) ⁽¹⁾	\$ 404,834,127
Outstanding Direct Debt	\$ 13,795,000
Per Capita Direct Debt	\$ 793.18
Ratio of Direct Debt to Assessed Valuation	14.99%
Ratio of Direct Debt to Estimated Actual Value	3.41%

⁽¹⁾ Net of the incremental increase in assessed valuation over the established assessed valuation base within tax increment financing districts within the District.

Source: District and St. Louis County Department of Revenue Collections Division.

Current Financial Issues and Concerns

The School District of Jennings has reasonable Operating Funds balances of \$8,004,869, which is 28.04 percent of expenditures. The District has had surpluses every year since fiscal year 2012.

Although the fiscal year 2017 budget has a \$466,000 deficit, every effort will be made to finish the year with a surplus.

The goal remains to continue to maintain a balanced budget in the School District's Operating Funds, while still providing quality educational services to the students.

Contacting the School District's Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, and investors with a general overview of the School District's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Michael O'Connell, Chief Financial Officer, at the School District of Jennings, 2559 Dorwood Drive, Jennings, Missouri 63136.

Basic Financial Statements

SCHOOL DISTRICT OF JENNINGS

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2017**

	<u>Governmental Activities</u>
-- ASSETS --	
Cash and investments	\$ 11,547,259
Restricted cash and investments	386,959
TOTAL ASSETS	<u>\$ 11,934,218</u>
-- LIABILITIES --	
Accrued payroll	<u>\$ 2,098,665</u>
-- NET POSITION --	
Restricted for:	
Bond proceeds	711,610
Debt service	605,559
Food services	629,130
Unrestricted	<u>7,889,254</u>
Total Net Position	<u>9,835,553</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 11,934,218</u>

See accompanying notes to basic financial statements

SCHOOL DISTRICT OF JENNINGS

**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions and Debt Proceeds	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
GOVERNMENTAL ACTIVITIES:					
Instruction	\$ 14,538,869	\$ 450,530	\$ 987,377	\$ -	\$ (13,100,962)
Guidance	789,994	-	-	-	(789,994)
Health and other services	421,606	-	111,905	-	(309,701)
Improvement of instruction	237,147	-	130,822	-	(106,325)
Professional development	229,043	-	-	-	(229,043)
Media services	1,743,114	-	4,972	-	(1,738,142)
Board of Education services	72,628	-	-	-	(72,628)
Executive administration	680,512	-	-	-	(680,512)
Building level administration	2,469,882	-	123,677	-	(2,346,205)
Operation of plant	3,408,860	22,358	-	-	(3,386,502)
Pupil transportation	272,095	-	205,744	-	(66,351)
Food services	1,771,028	225,407	1,725,813	-	180,192
Business and central services	358,002	-	2,224	-	(355,778)
Security services	335,957	-	-	-	(335,957)
Community services	1,240,967	14,064	1,145,098	-	(81,805)
Facilities acquisition and construction	2,368,301	10,412	-	-	(2,357,889)
Debt service:					
Principal retirements	748,138	-	7,805,000	-	7,056,862
Interest	387,061	-	485,869	-	98,808
Other	98,421	-	-	-	(98,421)
Payment to refunding escrow agent	5,103,948	-	-	-	(5,103,948)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 37,275,573	\$ 722,771	\$ 12,728,501	\$ -	\$ (23,824,301)

General Revenues

Taxes:	
Property	5,806,461
Sales	2,651,071
Other	371,184
State aid	15,237,725
Fines and escheats	25,895
State assessed utilities	364,862
Investment income	75,701
Other	540,221

TOTAL GENERAL REVENUES 25,073,120

CHANGE IN NET POSITION 1,248,819

**NET POSITION, BEGINNING
OF YEAR** 8,586,734

NET POSITION, END OF YEAR \$ 9,835,553

See accompanying notes to basic financial statements

SCHOOL DISTRICT OF JENNINGS

**BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
-- ASSETS --					
ASSETS:					
Cash and investments	\$ 8,198,694	\$ 1,904,840	\$ 218,600	\$ 1,225,125	\$ 11,547,259
Restricted cash and investments	-	-	386,959	-	386,959
TOTAL ASSETS	\$ 8,198,694	\$ 1,904,840	\$ 605,559	\$ 1,225,125	\$ 11,934,218
-- LIABILITIES --					
Accrued payroll	\$ 193,825	\$ 1,904,840	\$ -	\$ -	\$ 2,098,665
-- FUND BALANCES --					
FUND BALANCES:					
Restricted for:					
Bond proceeds	-	-	-	711,610	711,610
Debt service	-	-	605,559	-	605,559
Food services	629,130	-	-	-	629,130
Assigned for:					
Capital projects	-	-	-	513,515	513,515
Subsequent year's budget deficit	466,072	-	-	-	466,072
Unassigned	6,909,667	-	-	-	6,909,667
Total Fund Balances	8,004,869	-	605,559	1,225,125	9,835,553
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,198,694	\$ 1,904,840	\$ 605,559	\$ 1,225,125	\$ 11,934,218

See accompanying notes to basic financial statements

SCHOOL DISTRICT OF JENNINGS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Property taxes	\$ 3,086,943	\$ 1,817,638	\$ 901,880	\$ -	\$ 5,806,461
Sales taxes	1,656,919	994,152	-	-	2,651,071
Investment income	52,470	12,342	1,406	9,483	75,701
Student activities	411,662	-	-	-	411,662
Food service	225,407	-	-	-	225,407
Other local	668,809	15,484	7,683	321,720	1,013,696
Total local	6,102,210	2,839,616	910,969	331,203	10,183,998
County sources:					
State assessed utilities	215,409	126,836	22,617	-	364,862
Fines and escheats	-	25,895	-	-	25,895
Total county	215,409	152,731	22,617	-	390,757
State sources:					
Basic formula	4,536,949	10,700,776	-	-	15,237,725
State grants and contributions	39,890	-	-	-	39,890
Total state	4,576,839	10,700,776	-	-	15,277,615
Federal sources	3,215,137	1,160,067	-	-	4,375,204
Total Revenues	14,109,595	14,853,190	933,586	331,203	30,227,574
EXPENDITURES:					
Current:					
Instruction	1,892,368	12,646,501	-	-	14,538,869
Guidance	-	789,994	-	-	789,994
Health and other services	421,606	-	-	-	421,606
Improvement of instruction	60,080	177,067	-	-	237,147
Professional development	4,902	224,141	-	-	229,043
Media services	1,260,568	480,746	-	-	1,741,314
Board of Education services	72,628	-	-	-	72,628
Executive administration	429,526	250,986	-	-	680,512
Building level administration	635,444	1,834,438	-	-	2,469,882
Operation of plant	3,408,860	-	-	-	3,408,860
Pupil transportation	272,095	-	-	-	272,095
Food services	1,750,512	3,989	-	-	1,754,501
Business and central services	358,002	-	-	-	358,002
Security services	335,957	-	-	-	335,957
Community services	774,129	466,838	-	-	1,240,967
Capital outlay	-	-	-	2,386,628	2,386,628
Debt service:					
Principal retirements	-	-	550,000	198,138	748,138
Interest	-	-	329,863	57,198	387,061
Other	-	-	69,476	28,945	98,421
Total Expenditures	11,676,677	16,874,700	949,339	2,670,909	32,171,625

See accompanying notes to basic financial statements

SCHOOL DISTRICT OF JENNINGS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,432,918	(2,021,510)	(15,753)	(2,339,706)	(1,944,051)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of bonds	-	-	4,805,000	3,000,000	7,805,000
Premium on bonds sold	-	-	367,895	117,974	485,869
Payment to refunding escrow agent	-	-	(5,103,948)	-	(5,103,948)
Proceeds from sale of capital assets	5,100	-	-	849	5,949
Transfers (to) from other funds	(2,021,510)	2,021,510	-	-	-
Total Other Financing Sources (Uses)	(2,016,410)	2,021,510	68,947	3,118,823	3,192,870
NET CHANGES IN FUND BALANCES	416,508	-	53,194	779,117	1,248,819
FUND BALANCES, BEGINNING OF YEAR	7,588,361	-	552,365	446,008	8,586,734
FUND BALANCES, END OF YEAR	\$ 8,004,869	\$ -	\$ 605,559	\$ 1,225,125	\$ 9,835,553

See accompanying notes to basic financial statements

SCHOOL DISTRICT OF JENNINGS

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

As discussed further in Note 1 under "Basis of Accounting," these financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Principles Determining the Scope of Reporting Entity

The financial statements of the District consist only of the funds of the District. The District has no financial accountability for any other governmental entity, since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective board. In addition, the District is not aware of any entity which would exercise such oversight that would result in the District being considered a component unit of the entity.

Additionally, while the parent-teacher organizations of the District's schools may be considered to be part of the financial reporting entity of the District under governmental standards, the balances and activities of such organizations have not been included in these financial statements due to their overall immateriality to the District.

Fund Accounting

The accounts of the District are organized on the basis of legally established funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. District resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the District:

Governmental Funds

Governmental funds are those through which most functions of the District are financed. The District's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position rather than upon net income determination. The following are the District's governmental fund types, each of which the District considers to be a major fund:

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

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

Special Revenue Fund - A special revenue fund accounts for revenues derived from specific taxes or other earmarked revenue sources. The Special Revenue Fund accounts for expenditures for certified employees involved in administration and instruction, and includes revenues restricted by the state and local tax levy allocations for the payment of teacher salaries and certain benefits.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal, interest and fiscal charges on long-term debt.

Capital Projects Fund - The Capital Projects Fund is used to account for the proceeds of long-term debt, taxes and other revenues designated for acquisition or construction of major capital assets and all other capital outlay.

Basis of Presentation

Government-wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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 expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* include (a) charges paid by the students for tuition, fees, or goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as *program revenues* are presented as general revenues and include all property taxes. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

The fund financial statements provide information about the District's funds. A balance sheet and statement of revenues, expenditures, and changes in fund balances are presented. The emphasis of fund financial statements is on *major* governmental funds, each displayed in a separate column. The District considers each of its funds to be major.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and fund financial statements are prepared using a modified cash basis of accounting. This basis of accounting recognizes assets, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions, except that purchases of investments are recorded as assets. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, general obligation bonds and obligations under capital leases) and certain expenses (such as expenses for goods or services received but not yet paid) are not recorded in these financial statements.

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

Property Taxes

Property taxes are levied annually in November based on the assessed valuation of all real and personal property located in the District as of the previous January 1 and are due and collectible on December 31. Property taxes become delinquent and attach as an enforceable lien on property as of January 1 of the following year. St. Louis County collects the property tax and remits it to the District.

The assessed valuation of the tangible taxable property for the calendar years 2016 and 2015 for purposes of local taxation was \$92,043,070 and \$92,440,290, respectively.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2016 and 2015 for purposes of local taxation was:

	<u>December 31, 2016</u>		<u>December 31, 2015</u>
General Fund	\$ 3.3885	\$	3.5548
Special Revenue Fund	1.9952		1.9952
Debt Service Fund	0.9900		0.9900
Capital Projects Fund	-		-
Total	\$ 6.3737	\$	6.5400

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2017, aggregated approximately 99.0% of the current assessment computed on the basis of the levy as shown above.

Sales Taxes

The District receives sales taxes collected by the state from a one cent state sales tax. 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. The District's taxpayers have voted to permanently waive this property tax rollback.

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

Pooled Cash and Temporary Investments

Cash resources are combined to form a pool of cash and temporary investments that is available for use by all funds, with the exception of resources for the Debt Service Fund, as state law requires these deposits to be separately maintained.

Under state law, the District may invest in United States Treasury bills, United States Treasury notes, bonds, government agency and instrumentality obligations, repurchase agreements collateralized by government securities, time certificates of deposit, bankers' acceptances issued by domestic commercial banks and commercial paper issued by domestic corporations.

Interest income earned is allocated to contributing funds based on each fund's proportionate share of funds invested.

See Footnote 2, Cash and Investments.

Restricted Cash and Investments

Restricted cash and investments represent amounts whose use is limited by legal requirements. In the Debt Service Fund, restricted cash and investments consist of amounts escrowed for future general obligation bond principal and interest payments in conjunction with the Missouri School District Direct Deposit Program as discussed in Note 2 and Note 3.

Accrued Payroll

Accrued payroll includes wages and related taxes for payments that are related to employees' current contract year but will be paid in July and August of the next fiscal year. Accrued payroll also includes amounts related to employees' tax-deferred flexible spending accounts that have been withheld from employee paychecks but have not yet been reimbursed to employees for qualifying eligible expenses.

Governmental Fund Balances

In the governmental fund financial statements the following classifications are used to define the governmental fund balances:

Nonspendable - This consists of the governmental fund balances that are not in spendable form or legally or contractually required to be maintained intact. The District has no nonspendable fund balances as of June 30, 2017.

Restricted - This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. At June 30, 2017, the District's restricted fund balances include amounts restricted for bond proceeds, debt service and the food service program.

Committed - This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of Education, the District's highest level of decision-making authority. The District has no committed fund balances as of June 30, 2017.

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

Assigned – This consists of the governmental fund balances that are intended to be used for specific purposes by the Board of Education. The District's assigned fund balance consists of amounts assigned for capital projects and the subsequent year's budget deficit.

Unassigned – This consists of the governmental fund balances that do not meet the definition of "nonspendable," "restricted," "committed," or "assigned."

When restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. At June 30, 2017, net position was restricted for capital projects funded by bond proceeds, payment of principal and interest on long-term debt, and the food service program.

Interfund Activity

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

During the current year, an interfund transfer of \$2,021,510 was made from the General Fund to the Special Revenue Fund to eliminate the deficit.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year ended June 30, 2017.

Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

2. CASH AND INVESTMENTS

The District is governed by the deposit and investment limitations of state law, as described in Note 1.

The District participates in the Missouri Direct Deposit Program, which is a mechanism for public school bond repayments through the MOHEFA Bond Program. It authorizes the direct deposit of a portion of the District's state aid payments from 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. The direct deposits occur monthly and the balance is withdrawn every six months to pay the debt service requirements of the related bond issues. At June 30, 2017, the District had \$386,959 in this program, which has been included in investments.

The District also participates in the Missouri Securities Investment Program (MOSIP). MOSIP is an external investment pool in which a district's monies are pooled with other districts' monies to purchase investments that are permitted by state statutes. The District's monies are used to purchase a pro-rata share of the pool. A board of directors comprised of Missouri school administrators, school board members, and school business officials provides governance and oversight of MOSIP's operations. The board seeks to maintain a stable net asset value of \$1 per share. A separately issued financial statement can be obtained by contacting 1-877-MY-MOSIP.

The deposits and investments held at June 30, 2017, reported at cost, are as follows:

Type	Maturities	Cost
Deposits:		
Demand deposits	N/A	\$ 119,219
Certificates of deposit	N/A	1,728,000
Total Deposits		<u>1,847,219</u>
Investments:		
Money market mutual funds	Less than 1 year	386,959
External investment pool (MOSIP)	Less than 1 year	9,700,040
Total Investments		<u>10,086,999</u>
Total Deposits and Investments		<u><u>\$ 11,934,218</u></u>

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270. The value of the securities must be at least equal to the total of the District's deposits not insured by FDIC. As of June 30, 2017, none of the District's bank balance of \$1,006,127 was exposed to custodial credit risk.

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (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. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by the party who sold the security to the District or the seller's agent but not in the District's name. The District does not have a policy addressing custodial credit risk for investments. At June 30, 2017, all of the District's investments, evidenced by individual securities, are registered in the name of the District or of a type that are not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses. Maturities of investments held at June 30, 2017 are provided in the schedule above.

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 and by diversifying the portfolio so that potential losses on individual securities will be minimized.

At June 30, 2017, the District's investments were rated as follows:

Description	Financial Institution	Amount	Rating
External investment pool - MOSIP Money Market	MOSIP	\$ 9,700,040	AAAm
Money market mutual funds - MOHEFA	BOK Financial	386,959	AAAm

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the District for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The District does not have a policy limiting the amount it may invest in any one issuer. At June 30, 2017, the District did not have any investments subject to this disclosure.

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

3. LONG-TERM DEBT

For the year ended June 30, 2017, the following changes occurred in long-term debt:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Amounts Due Within One Year
Bonds payable	\$ 11,350,000	\$ 7,805,000	\$ 5,360,000	\$ 13,795,000	\$ 565,000
Capital leases payable	1,393,258	-	198,138	1,195,120	206,874
Totals	\$ 12,743,258	\$ 7,805,000	\$ 5,558,138	\$ 14,990,120	\$ 771,874

Payments on bonds payable are made from the Debt Service Fund. Payments on capital leases payable are made from the Capital Projects Fund.

Bonds Payable

Bonds payable at June 30, 2017 consist of the following:

\$5,600,000 General Obligation Bonds Series 2011, due in varying installments through March 2018, interest at 2.00% to 2.25%	\$ 440,000
\$5,900,000 General Obligation Bonds Series 2012, due in varying installments through March 2031, interest at 2.00% to 3.00%	5,550,000
\$7,805,000 General Obligation Refunding Bonds Series 2016, due in varying installments through March 2036, interest at 2.00% to 4.00%	<u>7,805,000</u>
Total Bonds Payable	<u><u>\$ 13,795,000</u></u>

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

The annual requirements to amortize bonded debt outstanding as of June 30, 2017 are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 565,000	\$ 402,338	\$ 967,338
2019	570,000	389,938	959,938
2020	585,000	371,938	956,938
2021	600,000	353,338	953,338
2022	615,000	340,663	955,663
2023-2027	3,355,000	1,442,275	4,797,275
2028-2032	3,930,000	897,300	4,827,300
2033-2036	3,575,000	272,100	3,847,100
Total	<u>\$ 13,795,000</u>	<u>\$ 4,469,890</u>	<u>\$ 18,264,890</u>

Repayment of all bond issues is made through the Missouri District Direct Deposit Program, as discussed in Note 2.

During the year ended June 30, 2017, the District issued \$7,805,000 in Series 2016 General Obligation Refunding Bonds (the "Bonds") for the purpose of constructing, renovating, improving, furnishing and equipping school sites, buildings and related facilities for school purposes. The Bonds were also issued for the purpose of advance refunding on March 1, 2018 \$4,810,000 of outstanding Series 2011 General Obligation Bonds maturing in the years 2019 through 2031. Principal is due annually with principal payments beginning in March 2019 and ending in March 2036. Interest is due semiannually at rates between 2.00 percent to 4.00 percent.

The refunding resulted in an economic gain (difference between the present value of debt service payments on the old and new debt and the effect of changes in debt reserve investments and effect of changes in credit enhancement expenses) of \$287,594.

The advance refunding met the requirements of an in-substance debt defeasance, and the refunded bonds were removed from the District's accounts. At June 30, 2017, the amount of defeased debt outstanding but removed from the books and records of the District related to this transaction is \$4,810,000.

Legal Debt Margin

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of the District to fifteen percent (15 percent) of the assessed valuation of the District (including state assessed railroad and utilities). The legal debt margin of the District, computed excluding the assessed valuation of state assessed railroad and utilities, at June 30, 2017, was:

Constitutional debt limit	\$ 13,806,461
General obligation bonds payable	(13,795,000)
Amount available in Debt Service Fund	<u>605,558</u>
	<u>\$ 617,019</u>

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

Capital Lease Agreements

At June 30, 2017, the District is obligated under two leases that are classified as capital leases.

During fiscal year 2007, the District entered into a lease purchase agreement with a company for various energy savings equipment and related installation. The lease is for a total amount of \$2,705,586 and calls for semi-annual payments of approximately \$119,340 at an interest rate of 4.19%. The final payment under this lease is due in November 2022.

During fiscal year 2015, the District entered into a lease purchase agreement with a company for various copier equipment. The lease is for a total of \$71,000 and calls for monthly payments of approximately \$1,388 at an interest rate of approximately 6.5%. The final payment under this lease is due in August 2019.

Future minimum lease payments under the capital leases described above are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 255,336
2019	255,336
2020	241,456
2021	238,680
2022	238,680
2023	<u>119,339</u>
Total future minimum lease payments	1,348,827
Less amount representing interest	<u>153,707</u>
Present value of future minimum lease payments	<u><u>\$ 1,195,120</u></u>

4. RETIREMENT PLANS

A. Public School Retirement System of Missouri ("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

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

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.

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 percent benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55 percent benefit factor was used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 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.

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

Contributions. PSRS members were required to contribute 14.5 percent of their annual covered salary during fiscal years 2016 and 2017. 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 percent of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The District's contributions to PSRS were \$2,079,164 for the year ended June 30, 2017.

B. Public Education Employee Retirement System of Missouri ("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

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

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.

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 2.50 percent benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55 percent benefit factor was used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced retirement 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 PEERS' website at www.psr-peers.org.

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

Contributions. PEERS members were required to contribute 6.86 percent of their annual covered salary during fiscal years 2016 and 2017. 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 percent of pay.

The District's contributions to PEERS were \$288,022 for the year ended June 30, 2017.

5. EMPLOYEE BENEFIT PLANS

The District offers its employees a tax-sheltered annuity program created in accordance with Internal Revenue Code Section 403(b). The plan, available to all District employees, permits them to defer a portion of their salary for investment purposes. The District also offers its employees medical, dental, and life insurance coverage.

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

6. INSURANCE PROGRAM

The District, along with various other local school districts, participates in the Missouri United School Insurance Council ("MUSIC"), an insurance association for workers' compensation, general liability, and property and casualty insurance. The purpose of MUSIC is to distribute the cost of self-insurance over similar entities.

MUSIC requires an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of MUSIC have no legal interest in the assets, liabilities, or fund balances of the insurance association. However, the District retains a contingent liability to fund its pro rata share of any deficit incurred by MUSIC should it cease operations at some future date. The District's premium assessment from MUSIC for 2017 was \$424,395. Settled claims have not exceeded insurance coverage in any of the past three years.

7. COMMITMENTS AND CONTINGENCIES

Compensated Absences

Vacation time, personal days and sick leave are considered expenditures in the year paid. Employees may not carry forward vacation time. Earned but unused vacation time is paid to all employees upon termination. The amount of unpaid sick leave and vacation, which is not included in the accompanying financial statements, has not been calculated by the District.

Grants

The District receives revenues under various federal and state grant programs which are required to be expended in accordance with regulatory restrictions. These grants are subject to audit by the granting agencies. Such audits could result in request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. However, in the District's opinion, any adjustments or settlements that may arise from these audits would not have a material adverse effect on the overall financial position the District. In addition, while the District may have grant expenditures that have yet to be reimbursed or grant receipts that have yet to be expended at June 30, 2017, any related grant receivables or deferrals are not reflected in the accompanying financial statements.

Legal Matters

The District is involved in various lawsuits and other legal matters. While in the District's opinion, based on consultation with legal counsel, these items will be resolved with no material adverse effect on the District, the results of the proceedings have yet to be finalized.

Separation Incentive Plan

During the year ended June 30, 2017, the District approved a voluntary separation incentive plan for eligible (as defined) personnel who agreed to terminate employment prior to June 30, 2017, and the District made payments of \$85,000 to ten (10) retirees in accordance with the Plan. The District has no future obligations related to this Plan as of June 30, 2017.

Construction Commitments

At June 30, 2017, the District has entered into construction commitments totaling approximately \$677,000 of which approximately \$390,000 has been paid.

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

8. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 4, the District allows employees who retire from the District to participate in the District's health and dental insurance plans. Upon meeting the retirement requirements under PSRS or PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100 percent of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay as you go basis. A stand alone financial report is not available for the plan. During the year ended June 30, 2017, 67 retirees participated in the District's health or dental insurance plans and paid premiums totaling approximately \$256,000.

9. TAX ABATEMENTS

As of June 30, 2017, the District is subject to the following tax abatement programs initiated by other governmental entities:

	Real Estate Tax	Surcharge	Property Tax
Enhanced enterprise zones			
City of Berkley	\$ -	\$ 18	\$ -
City of Hazelwood	-	191	-
Industrial development bonds/St. Louis County			
Chapter 100			
City of Bellerive	-	963	-
City of Clayton	-	949	-
City of Eureka	-	87	-
City of Ferguson	-	157	-
City of Jennings	-	6	-
St. Louis County	6,946	4,429	12,490
Urban redevelopment corporations			
City of Brentwood	-	461	-
City of Edmundson	-	422	-
City of Ferguson	-	23	-
City of Maryland Heights	-	13	-
City of Overland	-	199	-
City of Richmond Heights	-	123	-
City of Rock Hill	-	130	-
City of Sunset Hills	-	8	-
City of Wellston	-	22	-
St. Louis County	-	1,123	-
Total	\$ 6,946	\$ 9,324	\$ 12,490

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

10. RECENT ACCOUNTING PRONOUNCEMENTS

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

In June 2015, the GASB approved Statement No. 74 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" and Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The objective of these Statements is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) and establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB. The requirements of Statement No. 74 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of Statement No. 75 are effective for fiscal years beginning after June 15, 2017.

In April 2016, the GASB approved Statement No. 82, "Pension Issues (an amendment of GASB Statement No. 67, No. 68, and No. 73)." This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements regarding the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that case, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

In January 2017, the GASB approved Statement No. 84, "Fiduciary Activities." This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In March 2017, the GASB approved Statement No. 85, "Omnibus 2017." The objective of this Statement is to address practice issues that have been identified during implementations and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

In May 2017, the GASB approved Statement No. 86, "Certain Debt Extinguishment Issues." The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

In June 2017, the GASB approved Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The effects on the District's financial statements as a result of the adoption of these new pronouncements are unknown.

Supplementary Information

SCHOOL DISTRICT OF JENNINGS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Local	\$ 5,595,498	\$ 6,250,732	\$ 6,102,210	\$ (148,522)
County	206,923	213,958	215,409	1,451
State	4,694,564	4,592,121	4,576,839	(15,282)
Federal	3,054,487	3,202,753	3,215,137	12,384
Total Revenues	13,551,472	14,259,564	14,109,595	(149,969)
EXPENDITURES:				
Current:				
Instruction	1,628,523	1,887,317	1,892,368	(5,051)
Health and other services	444,604	442,167	421,606	20,561
Improvement of instruction	85,836	65,178	60,080	5,098
Professional development	33,564	5,000	4,902	98
Media services	1,415,026	1,255,766	1,260,568	(4,802)
Board of Education services	77,250	72,375	72,628	(253)
Executive administration	462,991	439,894	429,526	10,368
Building level administration	690,321	637,517	635,444	2,073
Operation of plant	3,632,813	3,564,532	3,408,860	155,672
Pupil transportation	225,774	270,035	272,095	(2,060)
Food services	1,763,768	1,753,800	1,750,512	3,288
Business and central services	421,481	362,706	358,002	4,704
Security services	325,001	338,501	335,957	2,544
Community services	624,719	821,291	774,129	47,162
Total Expenditures	11,831,671	11,916,079	11,676,677	239,402
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,719,801	2,343,485	2,432,918	89,433
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	5,100	5,100
Transfers to other funds	(1,707,509)	(2,310,018)	(2,021,510)	288,508
Total Other Financing Sources (Uses)	(1,707,509)	(2,310,018)	(2,016,410)	288,508
NET CHANGE IN FUND BALANCE	12,292	33,467	416,508	377,941
FUND BALANCE, BEGINNING OF YEAR	7,470,161	7,588,361	7,588,361	-
FUND BALANCE, END OF YEAR	\$ 7,482,453	\$ 7,621,828	\$ 8,004,869	\$ 377,941

See accompanying independent auditors' report and notes to budgetary comparison information

SCHOOL DISTRICT OF JENNINGS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Local	\$ 2,761,919	\$ 2,769,057	\$ 2,839,616	\$ 70,559
County	141,140	144,658	152,731	8,073
State	10,797,035	10,690,438	10,700,776	10,338
Federal	917,293	1,150,072	1,160,067	9,995
Total Revenues	14,617,387	14,754,225	14,853,190	98,965
EXPENDITURES:				
Current:				
Instruction	12,377,663	12,834,415	12,646,501	187,914
Guidance	787,547	790,980	789,994	986
Improvement of instruction	243,209	182,303	177,067	5,236
Professional development	126,750	223,672	224,141	(469)
Media services	476,608	480,297	480,746	(449)
Executive administration	271,927	252,438	250,986	1,452
Building level administration	1,593,996	1,828,005	1,834,438	(6,433)
Food services	-	4,638	3,989	649
Community services	447,196	467,495	466,838	657
Total Expenditures	16,324,896	17,064,243	16,874,700	189,543
EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(1,707,509)	(2,310,018)	(2,021,510)	288,508
OTHER FINANCING SOURCES:				
Transfers from other funds	1,707,509	2,310,018	2,021,510	(288,508)
Total Other Financing Sources	1,707,509	2,310,018	2,021,510	(288,508)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report and notes to budgetary comparison information

SCHOOL DISTRICT OF JENNINGS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Local	\$ 889,994	\$ 877,745	\$ 910,969	\$ 33,224
County	25,916	25,916	22,617	(3,299)
Total Revenues	915,910	903,661	933,586	29,925
EXPENDITURES:				
Debt service:				
Principal retirements	550,000	550,000	550,000	-
Interest	348,350	348,350	329,863	18,487
Other	5,000	73,148	69,476	3,672
Total Expenditures	903,350	971,498	949,339	22,159
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,560	(67,837)	(15,753)	52,084
OTHER FINANCING SOURCES:				
Proceeds from sale of bonds	-	4,805,000	4,805,000	-
Premium on bonds sold	-	367,896	367,895	(1)
Payment to refunding escrow agent	-	(5,103,948)	(5,103,948)	-
Total Other Financing Sources	-	68,948	68,947	(1)
NET CHANGE IN FUND BALANCE	12,560	1,111	53,194	52,083
FUND BALANCE, BEGINNING OF YEAR	565,807	552,365	552,365	-
FUND BALANCE, END OF YEAR	\$ 578,367	\$ 553,476	\$ 605,559	\$ 52,084

See accompanying independent auditors' report and notes to budgetary comparison information

SCHOOL DISTRICT OF JENNINGS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Local	\$ 264,841	\$ 342,841	\$ 331,203	\$ (11,638)
Total Revenues	264,841	342,841	331,203	(11,638)
EXPENDITURES:				
Capital outlay	3,000,000	219,177	2,386,628	(2,167,451)
Debt service:				
Principal retirements	198,139	2,676,514	198,138	2,478,376
Interest	57,199	57,199	57,198	1
Other	-	53,682	28,945	24,737
Total Expenditures	3,255,338	3,006,572	2,670,909	335,663
EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(2,990,497)	(2,663,731)	(2,339,706)	324,025
OTHER FINANCING SOURCES:				
Proceeds from sale of bonds	3,000,000	3,000,000	3,000,000	-
Premium on bonds sold	-	140,092	117,974	(22,118)
Proceeds from sale of capital assets	50,000	-	849	849
Total Other Financing Sources	3,050,000	3,140,092	3,118,823	(21,269)
NET CHANGE IN FUND BALANCE	59,503	476,361	779,117	302,756
FUND BALANCE, BEGINNING OF YEAR	357,302	446,008	446,008	-
FUND BALANCE, END OF YEAR	\$ 416,805	\$ 922,369	\$ 1,225,125	\$ 302,756

See accompanying independent auditors' report and notes to budgetary comparison information

SCHOOL DISTRICT OF JENNINGS

**NOTES TO BUDGETARY COMPARISON INFORMATION
JUNE 30, 2017**

Budgets and Budgetary Accounting

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

1. In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education. The budget for the year ended June 30, 2017 was originally adopted on May 16, 2016.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. The final amended budget was adopted on June 19, 2017.
6. Budgets are adopted on the modified cash basis of accounting for all governmental funds.

SCHOOL DISTRICT OF JENNINGS

**SCHEDULE OF SELECTED STATISTICS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

1. Calendar (Sections 160.041 and 171.031 RSMo)

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

Grades K - 6	<u>6.5000</u>	SDL
Grades 7 - 8	<u>6.4000</u>	SDL
Grades 9 - 12	<u>6.2500</u>	SDL

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

Grades K - 6	<u>1,131.0000</u>	Hours
Grades 7 - 8	<u>1,113.6000</u>	Hours
Grades 9 - 12	<u>1,076.5000</u>	Hours

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

Grades K - 12	<u>174</u>	Days
---------------	------------	------

2. Average Daily Attendance (ADA)

Regular Term	Full-Time & Part-Time	Remedial	Total
Grades <u>K - 6</u>	<u>1,302.8844</u>	-	<u>1,302.8844</u>
Grades <u>7 - 8</u>	<u>347.1465</u>	<u>0.0072</u>	<u>347.1537</u>
Grades <u>9 - 12</u>	<u>629.6486</u>	-	<u>629.6486</u>
Subtotal Regular Term	<u>2,279.6795</u>	<u>0.0072</u>	<u>2,279.6867</u>
		Resident	Total
Summer School Subtotal		<u>89.5323</u>	<u>89.5323</u>
Total Regular Term Plus Summer School ADA			<u><u>2,369.2190</u></u>

Notes: _____

SCHOOL DISTRICT OF JENNINGS

Schedule of Selected Statistics (continued)

3. September Membership

	<u>Full-Time & Part-Time</u>	<u>Deseg In</u>	<u>Total</u>
September Membership FTE Count	<u>2,496.09</u>	<u>-</u>	<u>2,496.09</u>

Notes: _____

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

		<u>Full-Time & Part-Time</u>	<u>Deseg In</u>	<u>Total</u>
State FTE Total	Free	<u>2,404.51</u>	<u>-</u>	<u>2,404.51</u>
	Reduced	<u>-</u>	<u>-</u>	<u>-</u>
	Total	<u>2,404.51</u>	<u>-</u>	<u>2,404.51</u>

5. Finance

Fill in the blank with the appropriate response of true, false, or N/A unless otherwise noted.

- A. As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of: \$ 50,000
- B. The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. True
- C. The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. True
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. True
- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. N/A
- F. The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. False

See accompanying independent auditors' report

SCHOOL DISTRICT OF JENNINGS

Schedule of Selected Statistics (continued)

G. The District has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditures of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. True

H. The amount spent for approved professional development committee plan activities was: \$229,043

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

Finding #: _____

Management Letter Comment #: _____

Notes: #5F – Reported on page 47 in the "Report on Compliance – State Requirements"

6. Transportation (Section 163.161, RSMo)

Fill in the blank with the appropriate response of true, false, or N/A unless otherwise noted.

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

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

C. Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:

- Eligible ADT N/A
- Ineligible ADT N/A

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

SCHOOL DISTRICT OF JENNINGS

Schedule of Selected Statistics (continued)

E. Actual odometer records show the total District-operated and contracted mileage for the year was: N/A

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

- Eligible Miles N/A
- Ineligible Miles (Non-Route/Disapproved) N/A

F. Number of days the District operated the school transportation system during the regular school year: N/A

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

Finding #: _____

Management Letter Comment #: _____

Notes: _____



REPORT ON COMPLIANCE - STATE REQUIREMENTS

To the Members of the Board of Education
School District of Jennings

We have audited the financial statements of the governmental activities and each major fund of the School District of Jennings (the "District") as of and for the year ended June 30, 2017, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 10, 2017. Our report on the basic financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As required by the Revised Statutes of the State of Missouri, we have performed auditing procedures to test compliance with the budgetary statute (Chapter 67 RSMo) 165.121.3 (7) RSMo with respect to the methods of maintaining pupil attendance records for the year ended June 30, 2017. The management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the District's budgetary and disbursements procedures were in compliance, in all material respects, with the budgetary statute (Chapter 67 RSMo) for the year ended June 30, 2017. It is further our opinion that the pupil attendance records are so maintained as to accurately disclose, in all material respects, the average daily attendance and resident membership on the last Wednesday of September in compliance with state law and administrative rules for the year ended June 30, 2017.

However, we did note an immaterial instance of noncompliance because the District did not publish a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.

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


SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
November 10, 2017

Federal Compliance Section



**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**

To the Members of the Board of Education
School District of Jennings

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the School District of Jennings (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 10, 2017. Our report on the basic financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our report on the Governmental Activities, General Fund, and Special Revenue Fund was qualified due to the inclusion of an accrued payroll liability for payments made in the subsequent fiscal year, which is not in accordance with the basis of accounting used by the District.

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


SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
November 10, 2017



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

To the Members of the Board of Education
School District of Jennings

Report on Compliance for Each Major Federal Program

We have audited the School District of Jennings'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, 2017. 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 the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
November 10, 2017

SCHOOL DISTRICT OF JENNINGS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Program Title	Federal CFDA Number	Pass-Through Identification Number	Expenditures
<u>U.S. Department of Education:</u>			
Passed through Missouri Department of Elementary and Secondary Education:			
Title I Grants to Local Education Agencies	84.010	096-104	\$ 1,736,606
Title I School Improvement 1003(a)	84.010	096-104	115,824
Subtotal CFDA 84.010			<u>1,852,430</u>
Career and Technical Education	84.048	096-104	68,621
Career Education Pathways for Teachers Grant	84.048	096-104	1,698
Subtotal CFDA 84.048			<u>70,319</u>
21st Century Community Learning Center	84.287	096-104	240,000
Title IIA Improving Teacher Quality State Grants	84.367	096-104	40,438
Grants for State Assessments and Related Activities	84.369	096-104	1,140
Total U.S. Department of Education			<u>2,204,327</u>
<u>U.S. Department of Agriculture:</u>			
Passed through Missouri Department of Elementary and Secondary Education:			
National School Lunch Program	10.555	096-104	1,165,120
After School Snack Program	10.555	096-104	18,108
Donated Foods	10.555	096-104	102,012
Subtotal CFDA 10.555			<u>1,285,240</u>
School Breakfast Program	10.553	096-104	<u>528,953</u>
Passed through Missouri Department of Health and Senior Services:			
Summer Food Service Program	10.559	2427	<u>63,892</u>
Subtotal Child Nutrition Cluster			<u>1,878,085</u>
Child and Adult Care Food Program	10.558	2427	<u>170,748</u>
Total U.S. Department of Agriculture			<u>2,048,833</u>

SCHOOL DISTRICT OF JENNINGS

Schedule of Expenditures of Federal Awards (continued)

<u>Program Title</u>	Federal CFDA Number	Pass-Through Identification Number	<u>Expenditures</u>
<u>U.S. Department of Defense, Department of the Army:</u>			
Direct Program:			
Junior Reserve Officer Training Corps	12.000	MO 061176	<u>81,333</u>
Total U.S. Department of Defense, Department of the Army			<u>81,333</u>
<u>U.S. Department of Health and Human Services:</u>			
Passed through Missouri Department of Health and Senior Services:			
Temporary Assistance for Needy Families	93.558	M00451-014	<u>79,799</u>
Total U.S. Department of Health and Human Services			<u>79,799</u>
TOTAL			<u><u>\$ 4,414,292</u></u>

SCHOOL DISTRICT OF JENNINGS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the fiscal year ended June 30, 2017. The information reported in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2 - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is a summary of the cash activity of the District's federal award programs and does not present transactions that would be included in financial statements of the District presented on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Note 3 - Indirect Cost Rate

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

Note 4 - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed by the District during the year ended June 30, 2017.

Note 5 - Insurance

The District did not have any federal insurance in effect during the fiscal year ended June 30, 2017.

Note 6 - Loan/Loan Guarantees

The District did not have any loans or loan guarantees outstanding as of June 30, 2017.

Note 7 - Subrecipients

The District did not provide federal awards to any subrecipients during the fiscal year ended June 30, 2017.

SCHOOL DISTRICT OF JENNINGS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Qualified on the modified cash basis of accounting

Internal control over financial reporting:

Material weakness(es) identified? _____Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses? _____Yes X None reported

Noncompliance material to financial statements noted? _____Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____Yes X No

Significant deficiency (ies) identified not considered to be material weaknesses? _____Yes X 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 2 CFR Section 200.516(a)? _____Yes X No

Identification of major programs:

CFDA Number(s)
10.553, 10.555, 10.559

Name of Federal Program or Cluster
Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____Yes X No

2. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings which are required to be reported.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to Federal Awards.