
SCHOOL DISTRICT OF JENNINGS
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2016

Contents

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position - Modified Cash Basis	17
Statement of Activities - Modified Cash Basis	18
<i>Fund Financial Statements:</i>	
Balance Sheet - Modified Cash Basis - Governmental Funds	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis - Governmental Funds	20
Notes to Basic Financial Statements.....	22
SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Change in Fund Balance - Modified Cash Basis - Budget and Actual:	
General Fund.....	37
Special Revenue Fund.....	38
Debt Service Fund.....	39
Capital Projects Fund	40
Notes to Budgetary Comparison Information	41
Schedule of Selected Statistics	42
Report on Compliance - State Requirements	46

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 <i>Government Auditing Standards</i>	47
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance.....	49
Schedule of Expenditures of Federal Awards	51
Notes to Schedule of Expenditures of Federal Awards	53
Schedule of Findings and Questioned Costs	54



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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 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.

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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 \$191,053, (2) reduce liabilities, reduce expenditures and increase fund balance in the Special Revenue Fund by \$1,782,580, and (3) reduce liabilities, reduce expenses and increase net position of the governmental activities by \$1,973,633.

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, 2016, 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, 2016, 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 9, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the 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 9, 2016

SCHOOL DISTRICT OF JENNINGS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016 - 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, 2016. 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 2016 are as follows:

- In total, net position decreased \$814,411, which represents an 8.7 percent decrease from 2015. This is due primarily to spending down of bond issue funds received in prior years.
- General revenues accounted for \$24,262,604 in revenue or 82.6 percent of all revenues. Program specific revenues in the form of charges for services; operating grants and contributions; and capital grants, contributions and bond proceeds accounted for \$5,110,829 or 17.4 percent of total revenues of \$29,373,433.
- Total assets of governmental activities decreased by \$1,219,482 as restricted cash and investments decreased, while the total liabilities decreased by \$405,071.
- The School District had \$30,187,844 in expenditures, which represents a \$1,388 decrease from 2015.
- Among major funds, the General Fund had \$13,468,622 in revenues and \$11,780,747 in expenditures. The General Fund's fund balance increased by \$123,677 from 2015. The School District transferred \$1,564,198 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.

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

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.

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 at 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.

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

The School District as a Whole

The School District's net position was \$8,586,734 at June 30, 2016. Of this amount, \$6,962,336 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.

**TABLE 1
NET POSITION**

	2016	2015
Assets		
Cash and Investments	\$ 10,201,013	\$ 10,457,271
Restricted Cash and Investments	359,354	1,322,578
Total Assets	10,560,367	11,779,849
Liabilities		
Accrued Payroll	1,973,633	2,378,704
Total Liabilities	1,973,633	2,378,704
Net Position		
Restricted for		
Bond Proceeds	-	369,798
Debt Service	552,365	541,047
Food Services	626,025	595,848
Capital Projects	446,008	1,025,616
Unrestricted	6,962,336	6,868,836
Total Net Position	\$ 8,586,734	\$ 9,401,145

Total net position decreased by \$814,411, as total assets decreased by \$1,219,482 and total liabilities decreased by \$405,071. The \$6,962,336 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 \$6,962,336 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

	2016	2015
Revenues:		
Program revenues:		
Charges for services and sales	\$ 439,738	\$ 473,702
Operating grants and contributions	4,671,091	4,946,846
General revenues:		
Property taxes	5,592,085	5,744,864
Sales taxes	2,569,184	2,502,238
State aid	15,195,384	14,679,127
Investment income	29,488	21,447
Other	876,463	904,033
Total Revenues	29,373,433	29,272,257
Function/Program Expenses:		
Instruction	13,982,999	14,215,232
Support services:		
Student services	1,158,914	987,204
Instructional support	2,432,789	2,489,542
General administration	841,357	783,582
School administration	2,200,091	2,151,645
Operation of plant	3,818,589	3,718,286
Pupil transportation	198,294	190,286
Food services	1,759,525	1,797,913
Business and central services	454,008	425,685
Community services	1,215,058	1,195,220
Facilities	973,615	950,526
Debt service	1,152,605	1,284,111
Total Function/Program Expenses	30,187,844	30,189,232
Change in net position	(814,411)	(916,975)
Net position, beginning of year	9,401,145	10,318,120
Net position, end of year	\$ 8,586,734	\$ 9,401,145

Governmental Activities

The cost of all governmental activities totaled \$30,187,844 in fiscal year 2016. The School District's taxpayers funded \$5,592,085 or 18.5 percent of these costs. In addition to taxpayer funding, charges for services funded \$439,738 or 1.5 percent of the governmental activities' costs, and operating grants funded \$4,671,091 or 15.5 percent. State aid funded \$15,195,384 or 50.3 percent of costs.

Instruction comprises 46.3 percent of District expenses. Support services expenses make up 42.6 percent of the expenses.

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

TABLE 3
COST OF PROGRAM SERVICES

	Total Cost of Services	Net Cost of Services
Instruction	\$ 13,982,999	\$ 12,845,855
Support services:		
Student services	1,158,914	1,037,874
Instructional support	2,432,789	2,182,101
General administration	841,357	841,357
School administration	2,200,091	2,061,412
Operation of plant	3,818,589	3,792,837
Pupil transportation	198,294	78,626
Food services	1,759,525	(216,968)
Business and central services	454,008	448,556
Community services	1,215,058	(120,855)
Facilities	973,615	973,615
Debt service	1,152,605	1,152,605
Total	\$ 30,187,844	\$ 25,077,015

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 \$8,586,734 at June 30, 2016, which represents a decrease of \$814,411 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, 2015	\$ 7,464,684	\$ -	\$ 541,047	\$ 1,395,414
Revenues	13,468,622	14,688,839	898,669	317,303
Expenditures	(11,780,747)	(16,253,037)	(887,351)	(1,266,709)
Transfers (To)/From	(1,564,198)	1,564,198	-	-
Change in Fund Balance	123,677	-	11,318	(949,406)
Ending Fund Balance, June 30, 2016	\$ 7,588,361	\$ -	\$ 552,365	\$ 446,008

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

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.

During the course of the 2016 fiscal year, the School District amended its Operating Funds budget as needed, which resulted in additional appropriations of \$86,984 or a 0.3 percent increase.

The Operating Funds' final expenditure budget was \$28,176,147, while actual expenditures were \$28,033,784. The difference, \$142,363 or 0.5 percent, was due to the accumulation of overall under expending funds appropriated in various programs.

The final budgeted revenues for the Operating Funds were \$91,214, or 0.3 percent above the original budgeted revenues.

Debt Administration

At June 30, 2016, the School District had \$11,350,000 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, 2016 and 2015

	2016	2015
General Obligation Bonds:		
Series 2006	\$ -	\$ 370,000
Series 2011	5,600,000	5,600,000
Series 2012	5,750,000	5,900,000
	<u>\$ 11,350,000</u>	<u>\$ 11,870,000</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%. 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%. The final payment under this lease is due in August 2019.

SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

The present value of future minimum lease payments were \$1,393,258 at June 30, 2016 and \$1,583,035 at June 30, 2015.

Enrollment

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

Year	Total Enrollment
2011-12	2,740
2012-13	2,508
2013-14	2,537
2014-15	2,526
2015-16	2,528

Source: District and DESE.

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SCHOOL DISTRICT OF JENNINGS

Management's Discussion and Analysis (continued)

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

	2016	2015	2014	2013	2012
<u>General Fund</u>					
Beginning Balance	\$ 7,464,684	\$ 7,396,787	\$ 6,668,815	\$ 6,576,875	\$ 6,270,461
Revenues	13,468,622	13,438,788	12,867,456	13,175,767	13,703,211
Expenditures	(11,780,747)	(11,853,527)	(11,784,402)	(11,668,014)	(12,246,646)
Other Sources (Uses)	(1,564,198)	(1,517,364)	(355,082)	(1,415,813)	(1,150,151)
Ending Balance	\$ 7,588,361	\$ 7,464,684	\$ 7,396,787	\$ 6,668,815	\$ 6,576,875
<u>Special Revenue (Teachers') Fund</u>					
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues	14,688,839	14,583,704	14,643,768	15,063,011	16,690,026
Expenditures	(16,253,037)	(16,101,068)	(14,993,985)	(16,478,824)	(17,840,177)
Other Sources (Uses)	1,564,198	1,517,364	350,217	1,415,813	1,150,151
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Capital Projects Fund</u>					
Beginning Balance	\$ 1,395,414	\$ 2,273,674	\$ 5,497,045	\$ 5,527,028	\$ 6,399,908
Revenues	317,303	328,793	338,904	2,849,366	319,973
Expenditures	(1,266,709)	(1,207,053)	(3,567,140)	(2,879,349)	(7,194,925)
Other Sources (Uses)	-	-	4,865	-	6,002,072
Ending Balance	\$ 446,008	\$ 1,395,414	\$ 2,273,674	\$ 5,497,045	\$ 5,527,028
<u>Debt Service Fund</u>					
Beginning Balance	\$ 541,047	\$ 647,659	\$ 737,663	\$ 782,685	\$ 619,246
Revenues	898,669	920,972	939,871	955,436	977,579
Expenditures	(887,351)	(1,027,584)	(1,029,875)	(1,000,458)	(814,140)
Other Sources (Uses)	-	-	-	-	-
Ending Balance	\$ 552,365	\$ 541,047	\$ 647,659	\$ 737,663	\$ 782,685
<u>Total Funds</u>					
Beginning Balance	\$ 9,401,145	\$ 10,318,120	\$ 12,903,523	\$ 12,886,588	\$ 13,289,615
Revenues	29,373,433	29,272,257	28,789,999	32,043,580	31,690,789
Expenditures	(30,187,844)	(30,189,232)	(31,375,402)	(32,026,645)	(38,095,888)
Other Sources (Uses)	-	-	-	-	6,002,072
Ending Balance	\$ 8,586,734	\$ 9,401,145	\$ 10,318,120	\$ 12,903,523	\$ 12,886,588

⁽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
2015	92,440,290	-3.3%
2014	95,577,080	-2.6
2013	98,142,200	-1.6
2012	99,744,650	+2.5
2011	97,335,850	-7.5

⁽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, 2015:

	Assessed Valuation⁽¹⁾	Assessment Rate	Actual Actual Total Valuation
Real Estate ⁽²⁾ :			
Residential	\$ 56,029,870	19%	\$ 294,894,053
Commercial	15,428,380	32%	48,213,688
Agriculture	-	12%	-
Total Real Estate	71,458,250		343,107,741
Personal Property ⁽²⁾	20,982,040	33.33%	62,952,415
TOTAL	\$ 92,440,290		\$ 406,060,156

⁽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
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
2012	1.9952	3.5023	-	0.9900	6.4875

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	%	Amount	%
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
2012	6,314,663	5,310,112	84.09	5,890,567	93.28

(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%. 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 2015 assessed valuations are listed below. These taxpayers represent 16.4% of the District's 2015 assessed valuation of \$92,440,290⁽¹⁾.

Firm	Assessed Valuation⁽¹⁾
Emerson Electric Company	\$ 4,313,380
TCB Plaza LLC	3,160,840
Missouri American Water Company	1,725,960
Target Corporation	1,272,890
Louisa Food Products Inc.	1,085,850
Emerson Electric Manufacturing Company	829,720
Cole WG Country Club Hills MO LLC	802,430
Laclede Gas Company	769,640
River Roads Senior LP	625,110
Brentwood Townhomes	616,870
<hr/>	
TOTAL	<u>\$15,205,690</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 (12/31/15) ⁽¹⁾	\$ 92,440,290
Estimated Actual Value (12/31/15) ⁽¹⁾	\$ 406,060,155
Outstanding Direct Debt	\$ 11,350,000
Per Capita Direct Debt	\$ 652.60
Ratio of Direct Debt to Assessed Valuation	12.28%
Ratio of Direct Debt to Estimated Actual Value	2.80%

⁽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 \$7,588,361, which is 27.07 percent of expenditures. The District had small surpluses in both fiscal year 2012 and 2013. For fiscal year 2014, the surplus was in excess of \$700,000. There was a small surplus for fiscal years 2015 and 2016.

The District has a balanced budget for fiscal year 2017.

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, 2016**

	<u>Governmental Activities</u>
-- ASSETS --	
Cash and investments	\$ 10,201,013
Restricted cash and investments	<u>359,354</u>
TOTAL ASSETS	<u>\$ 10,560,367</u>
-- LIABILITIES --	
Accrued payroll	<u>\$ 1,973,633</u>
-- NET POSITION --	
Restricted for:	
Debt service	552,365
Food services	626,025
Unrestricted	<u>7,408,344</u>
Total Net Position	<u>8,586,734</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,560,367</u>

SCHOOL DISTRICT OF JENNINGS

STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

			Program Revenues			Net (Expense)
			Charges for	Operating	Capital Grants	Revenue and
Expenses			Services	Grants and	and	Changes in
			and Sales	Contributions	Contributions	Net Position
						Total
						Governmental
						Activities
GOVERNMENTAL ACTIVITIES:						
Instruction	\$ 13,982,999	\$ 222,139	\$ 915,005	\$ -	\$ -	(12,845,855)
Guidance	752,339	-	-	-	-	(752,339)
Health and other services	406,575	-	121,040	-	-	(285,535)
Improvement of instruction	357,458	-	219,314	-	-	(138,144)
Professional development	184,062	-	-	-	-	(184,062)
Media services	1,891,269	-	31,374	-	-	(1,859,895)
Board of Education services	62,141	-	-	-	-	(62,141)
Executive administration	779,216	-	-	-	-	(779,216)
Building level administration	2,200,091	-	138,679	-	-	(2,061,412)
Operation of plant	3,496,066	25,752	-	-	-	(3,470,314)
Pupil transportation	198,294	-	119,668	-	-	(78,626)
Food services	1,759,525	191,442	1,785,051	-	-	216,968
Business and central services	454,008	-	5,452	-	-	(448,556)
Security services	322,523	-	-	-	-	(322,523)
Community services	1,215,058	405	1,335,508	-	-	120,855
Facilities acquisition and construction	973,615	-	-	-	-	(973,615)
Debt service:						
Principal	709,777	-	-	-	-	(709,777)
Interest	431,709	-	-	-	-	(431,709)
Other	11,119	-	-	-	-	(11,119)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 30,187,844	\$ 439,738	\$ 4,671,091	\$ -	\$ -	(25,077,015)

General Revenues

Taxes:

Property	5,592,085
Sales	2,569,184
Other	355,323
State aid	15,195,384
Fines and escheats	25,069
State assessed utilities	378,671
Investment income	29,488
Other	117,400

TOTAL GENERAL REVENUES 24,262,604

CHANGE IN NET POSITION (814,411)

NET POSITION, BEGINNING OF YEAR 9,401,145

NET POSITION, END OF YEAR \$ 8,586,734

SCHOOL DISTRICT OF JENNINGS

**BALANCE SHEET – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
-- ASSETS --					
ASSETS:					
Cash and investments	\$ 7,779,414	\$ 1,782,580	\$ 193,011	\$ 446,008	\$ 10,201,013
Restricted cash and investments	-	-	359,354	-	359,354
TOTAL ASSETS	\$ 7,779,414	\$ 1,782,580	\$ 552,365	\$ 446,008	\$ 10,560,367
-- LIABILITIES --					
LIABILITIES:					
Accrued payroll	\$ 191,053	\$ 1,782,580	\$ -	\$ -	\$ 1,973,633
-- FUND BALANCES --					
FUND BALANCES:					
Restricted for:					
Debt service	-	-	552,365	-	552,365
Food services	626,025	-	-	-	626,025
Assigned for:					
Capital projects	-	-	-	446,008	446,008
Unassigned	6,962,336	-	-	-	6,962,336
Total Fund Balances	7,588,361	-	552,365	446,008	8,586,734
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,779,414	\$ 1,782,580	\$ 552,365	\$ 446,008	\$ 10,560,367

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, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Property taxes	\$ 3,025,516	\$ 1,698,250	\$ 868,319	\$ -	\$ 5,592,085
Sales taxes	1,605,740	963,444	-	-	2,569,184
Investment income	20,223	8,094	451	720	29,488
Student activities	186,191	-	-	-	186,191
Food service	191,442	-	-	-	191,442
Other local	241,042	11,763	6,018	316,583	575,406
Total local	5,270,154	2,681,551	874,788	317,303	9,143,796
County sources:					
State assessed utilities	227,186	127,604	23,881	-	378,671
Fines and escheats	-	25,069	-	-	25,069
Total county	227,186	152,673	23,881	-	403,740
State sources:					
Basic formula	4,498,593	10,696,791	-	-	15,195,384
State grants and contributions	68,718	-	-	-	68,718
Total state	4,567,311	10,696,791	-	-	15,264,102
Federal sources	3,403,971	1,157,824	-	-	4,561,795
Total Revenues	13,468,622	14,688,839	898,669	317,303	29,373,433
EXPENDITURES:					
Current:					
Instruction	1,645,358	12,337,641	-	-	13,982,999
Guidance	-	752,339	-	-	752,339
Health and other services	406,575	-	-	-	406,575
Improvement of instruction	139,458	218,000	-	-	357,458
Professional development	62,992	121,070	-	-	184,062
Media services	1,395,255	468,174	-	-	1,863,429
Board of Education services	62,141	-	-	-	62,141
Executive administration	469,854	309,362	-	-	779,216
Building level administration	641,091	1,559,000	-	-	2,200,091
Operation of plant	3,496,066	-	-	-	3,496,066
Pupil transportation	198,294	-	-	-	198,294
Food services	1,755,849	3,676	-	-	1,759,525
Business and central services	454,008	-	-	-	454,008
Security services	322,523	-	-	-	322,523
Community services	731,283	483,775	-	-	1,215,058
Capital outlay	-	-	-	1,001,455	1,001,455
Debt service:					
Principal retirements	-	-	520,000	189,777	709,777
Interest	-	-	366,150	65,559	431,709
Other	-	-	1,201	9,918	11,119
Total Expenditures	11,780,747	16,253,037	887,351	1,266,709	30,187,844

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, 2016**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,687,875	(1,564,198)	11,318	(949,406)	(814,411)
OTHER FINANCING SOURCES (USES):					
Transfers (to) from other funds	(1,564,198)	1,564,198	-	-	-
Total Other Financing Sources (Uses)	(1,564,198)	1,564,198	-	-	-
NET CHANGES IN FUND BALANCES	123,677	-	11,318	(949,406)	(814,411)
FUND BALANCES, BEGINNING OF YEAR	7,464,684	-	541,047	1,395,414	9,401,145
FUND BALANCES, END OF YEAR	\$ 7,588,361	\$ -	\$ 552,365	\$ 446,008	\$ 8,586,734

SCHOOL DISTRICT OF JENNINGS

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2016

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

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 2015 and 2014 for purposes of local taxation was \$92,440,290 and \$96,071,930, respectively.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2015 and 2014 for purposes of local taxation was:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
General Fund	\$ 3.5548	\$ 3.5548
Special Revenue Fund	1.9952	1.9952
Debt Service Fund	0.9900	0.9900
Capital Projects Fund	-	-
Total	<u>\$ 6.5400</u>	<u>\$ 6.5400</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2016, aggregated approximately 92.5% 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, 2016.

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, 2016, the District's restricted fund balances include amounts restricted for 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

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

Board of Education, the District's highest level of decision-making authority. The District has no committed fund balances as of June 30, 2016.

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.

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, 2016, 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 \$1,564,198 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, 2016.

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, 2016, the District had \$359,354 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.

The deposits and investments held at June 30, 2016, reported at cost, are as follows:

Type	Maturities	Cost
Deposits:		
Demand deposits	N/A	\$ 199,682
Certificates of deposit	N/A	<u>1,238,000</u>
Total Deposits		<u>1,437,682</u>
Investments:		
Money market mutual funds	Less than 1 year	359,354
External investment pool (MOSIP)	Less than 1 year	<u>8,763,331</u>
Total Investments		<u>9,122,685</u>
Total Deposits and Investments		<u><u>\$ 10,560,367</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, 2016, none of the District's bank balance of \$1,437,682 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, 2016, 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, 2016 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, 2016, the District's investments were rated as follows:

<u>Description</u>	<u>Financial Institution</u>	<u>Amount</u>	<u>Rating</u>
External investment pool - MOSIP Money Market	MOSIP	\$ 8,763,331	AAAm
Money market mutual funds - MOHEFA	BOK Financial	359,354	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, 2016, 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, 2016, the following changes occurred in long-term debt:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2015	Amounts Due Within One Year
Bonds payable	\$ 11,870,000	\$ -	\$ 520,000	\$ 11,350,000	\$ 550,000
Capital leases payable	1,583,035	-	189,777	1,393,258	198,138
Totals	<u>\$ 13,453,035</u>	<u>\$ -</u>	<u>\$ 709,777</u>	<u>\$ 12,743,258</u>	<u>\$ 748,138</u>

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, 2016 consist of the following:

\$5,600,000 General Obligation Bonds Series 2011, due in varying installments through March 2031, interest at 2.00% to 4.00%	\$ 5,600,000
\$5,900,000 General Obligation Bonds Series 2012, due in varying installments through March 2031, interest at 2.00% to 3.00%	<u>5,750,000</u>
Total Bonds Payable	<u>\$ 11,350,000</u>

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

The annual requirements to amortize bonded debt outstanding as of June 30, 2016 are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 550,000	\$ 348,350	\$ 898,350
2018	565,000	337,350	902,350
2019	590,000	324,950	914,950
2020	615,000	311,400	926,400
2021	645,000	296,288	941,288
2022-2026	3,700,000	1,178,388	4,878,388
2027-2031	4,685,000	483,050	5,168,050
Total	<u>\$ 11,350,000</u>	<u>\$ 3,279,776</u>	<u>\$ 14,629,776</u>

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

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%) 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, 2016, was:

Constitutional debt limit	\$ 13,866,044
General obligation bonds payable	(11,350,000)
Amount available in Debt Service Fund	<u>552,365</u>
	<u>\$ 3,068,409</u>

Capital Lease Agreements

At June 30, 2016, 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.

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 255,336
2018	255,336
2019	255,336
2020	241,456
2021	238,680
2022-2023	<u>358,019</u>
Total future minimum lease payments	1,604,163
Less amount representing interest	<u>210,905</u>
Present value of future minimum lease payments	<u><u>\$ 1,393,258</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 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.psrs-peers.org.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

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.psrs-peers.org.

Cost-of-Living Adjustments ("COLA"). The PSRS Board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. Subsequent to June 30, 2016, the PSRS Board amended the policy to provide no COLA for years in which the CPI increases between 0.00% and 2.00%. If the CPI increases by 2.00% and 5.00%, a COLA of 2.00% will be provided, and if the CPI increase is 5.00% or greater, a COLA of 5.00% will be 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. The total of such increases may not exceed 80% of the original benefit for any member.

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

The District's contributions to PSRS were \$1,986,125 for the year ended June 30, 2016.

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 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.psrs-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

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.50% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced 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 PEERS Board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. Subsequent to June 30, 2016, the PEERS Board amended the policy to provide no COLA for years in which the CPI increases between 0.00% and 2.00%. If the CPI increases by 2.00% and 5.00%, a COLA of 2.00% will be provided, and if the CPI increase is 5.00% or greater, a COLA of 5.00% will be provided. For any PEERS member, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

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

The District's contributions to PEERS were \$303,100 for the year ended June 30, 2016.

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.

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.

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

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 2016 was \$428,715. 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, 2016, 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.

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% 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

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

for the plan. During the year ended June 30, 2016, 66 retirees participated in the District's health or dental insurance plans and paid premiums totaling approximately \$277,000.

9. 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 August 2015, the GASB approved Statement No. 77 "Tax Abatement Disclosures." Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This statement requires disclosures of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of the Statement are effective for reporting periods beginning after December 15, 2015.

In December 2015, the GASB approved Statement No. 79, "Certain External Investment Pools and Pool Participants." This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015.

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

SCHOOL DISTRICT OF JENNINGS

Notes to Basic Financial Statements (continued)

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.

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

10. SUBSEQUENT EVENT

Subsequent to June 30, 2016, the District issued General Obligation Refunding and Improvement bonds in the amount of \$7,805,000. The bonds call for annual payments in varying amounts through 2036 with interest at 3.00% to 4.00%.

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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Local	\$ 5,514,384	\$ 5,620,716	\$ 5,270,154	\$ (350,562)
County	206,923	206,923	227,186	20,263
State	4,672,842	4,672,842	4,567,311	(105,531)
Federal	3,063,880	3,200,306	3,403,971	203,665
Total Revenues	13,458,029	13,700,787	13,468,622	(232,165)
EXPENDITURES:				
Current:				
Instruction	1,880,186	1,692,094	1,645,358	46,736
Health and other services	447,527	444,364	406,575	37,789
Improvement of instruction	123,418	180,062	139,458	40,604
Professional development	58,784	67,166	62,992	4,174
Media services	1,382,340	1,429,340	1,395,255	34,085
Board of Education services	77,250	70,550	62,141	8,409
Executive administration	452,452	444,295	469,854	(25,559)
Building level administration	675,865	666,166	641,091	25,075
Operation of plant	3,520,813	3,566,418	3,496,066	70,352
Pupil transportation	222,724	222,724	198,294	24,430
Food services	1,721,382	1,721,382	1,755,849	(34,467)
Business and central services	399,289	440,273	454,008	(13,735)
Security services	291,432	304,773	322,523	(17,750)
Community services	697,921	642,919	731,283	(88,364)
Total Expenditures	11,951,383	11,892,526	11,780,747	111,779
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,506,646	1,808,261	1,687,875	(120,386)
OTHER FINANCING USES:				
Transfers to other funds	(1,505,399)	(1,802,784)	(1,564,198)	238,586
Total Other Financing Uses	(1,505,399)	(1,802,784)	(1,564,198)	238,586
NET CHANGE IN FUND BALANCE	1,247	5,477	123,677	118,200
FUND BALANCE, BEGINNING OF YEAR	7,399,286	7,464,684	7,464,684	-
FUND BALANCE, END OF YEAR	\$ 7,400,533	\$ 7,470,161	\$ 7,588,361	\$ 118,200

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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Local	\$ 2,736,389	\$ 2,733,437	\$ 2,681,551	\$ (51,886)
County	151,710	151,710	152,673	963
State	10,642,378	10,642,378	10,696,791	54,413
Federal	1,151,904	1,003,312	1,157,824	154,512
Total Revenues	14,682,381	14,530,837	14,688,839	158,002
EXPENDITURES:				
Current:				
Instruction	12,146,154	12,367,839	12,337,641	30,198
Guidance	769,894	811,028	752,339	58,689
Improvement of instruction	420,323	237,041	218,000	19,041
Professional development	122,819	123,908	121,070	2,838
Media services	466,274	471,274	468,174	3,100
Executive administration	268,369	265,884	309,362	(43,478)
Building level administration	1,569,367	1,558,298	1,559,000	(702)
Food services	-	-	3,676	(3,676)
Community services	374,580	448,349	483,775	(35,426)
Total Expenditures	16,137,780	16,283,621	16,253,037	30,584
EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(1,455,399)	(1,752,784)	(1,564,198)	188,586
OTHER FINANCING SOURCES:				
Transfers from other funds	1,455,399	1,752,784	1,564,198	(188,586)
Total Other Financing Sources	1,455,399	1,752,784	1,564,198	(188,586)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Local	\$ 897,263	\$ 889,994	\$ 874,788	\$ (15,206)
County	25,916	25,916	23,881	(2,035)
Total Revenues	923,179	915,910	898,669	(17,241)
EXPENDITURES:				
Debt service:				
Principal retirements	520,000	520,000	520,000	-
Interest	366,150	366,150	366,150	-
Other	5,000	5,000	1,201	3,799
Total Expenditures	891,150	891,150	887,351	3,799
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	32,029	24,760	11,318	(13,442)
FUND BALANCE, BEGINNING OF YEAR	536,192	541,047	541,047	-
FUND BALANCE, END OF YEAR	\$ 568,221	\$ 565,807	\$ 552,365	\$ (13,442)

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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Local	\$ 297,341	\$ 297,341	\$ 317,303	\$ 19,962
Total Revenues	297,341	297,341	317,303	19,962
EXPENDITURES:				
Capital outlay	300,000	1,130,115	1,001,455	128,660
Debt service:				
Principal retirements	175,380	189,778	189,777	1
Interest	69,253	65,560	65,559	1
Other	-	-	9,918	(9,918)
Total Expenditures	544,633	1,385,453	1,266,709	118,744
EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(247,292)	(1,088,112)	(949,406)	138,706
OTHER FINANCING SOURCES:				
Transfers from other funds	50,000	50,000	-	(50,000)
Total Other Financing Sources	50,000	50,000	-	(50,000)
NET CHANGE IN FUND BALANCE	(197,292)	(1,038,112)	(949,406)	88,706
FUND BALANCE, BEGINNING OF YEAR	455,445	1,395,414	1,395,414	-
FUND BALANCE, END OF YEAR	\$ 258,153	\$ 357,302	\$ 446,008	\$ 88,706

SCHOOL DISTRICT OF JENNINGS

NOTES TO BUDGETARY COMPARISON INFORMATION JUNE 30, 2016

Budgets and Budgetary Accounting

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

1. In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The 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, 2016 was originally adopted on May 18, 2015.
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 March 21, 2016.
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, 2016**

1. Calendar (Sections 160.041 and 171.031 RSMo)

- A. Standard day length (SDL) - The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time. 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>1,137.5000</u>	Hours
Grades 7 – 8	<u>1,120.0000</u>	Hours
Grades 9 – 12	<u>1,137.5000</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 - 12 175 Days

2. Average Daily Attendance (ADA)

<u>Regular Term</u>		<u>Full-Time & Part-Time</u>	<u>Remedial</u>	<u>Total</u>
Grades	K - 6	1,343.3536	-	1,343.3536
Grades	7 - 8	355.1564	-	355.1564
Grades	9 - 12	606.9303	-	606.9303
Subtotal Regular Term		<u>2,305.4403</u>	-	<u>2,305.4403</u>
			<u>Resident</u>	<u>Total</u>
Summer School Subtotal			89.4181	89.4181
Total Regular Term Plus Summer School ADA				<u>2,394.8584</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>2,514.90</u>	<u>-</u>	<u>2,514.90</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>2,483.47</u>	<u>-</u>	<u>2,483.47</u>
	Reduced	<u>-</u>	<u>-</u>	<u>-</u>
	Total	<u>2,483.47</u>	<u>-</u>	<u>2,483.47</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. True

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: \$184,062

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

Finding #: _____

Management Letter Comment #: _____

Notes: _____

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: _____



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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, 2016, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 9, 2016. 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, 2016. 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, 2016. 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, 2016.

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 9, 2016

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Federal Compliance Section



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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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 9, 2016. 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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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


SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
November 9, 2016



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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, 2016. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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.

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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 program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


SCHOWALTER & ABOURI, P.C.

St. Louis, Missouri
November 9, 2016

SCHOOL DISTRICT OF JENNINGS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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:			
21st Century Community Learning Center	84.287	096-104	\$ 320,000
Title I Grants to Local Education Agencies	84.010	096-104	1,596,343
Title IIA Improving Teacher Quality State Grants	84.367	096-104	41,410
Career and Technical Education	84.048	096-104	73,939
Total U.S. Department of Education			2,031,692
<u>U.S. Department of Agriculture:</u>			
Passed through Missouri Department of Elementary and Secondary Education:			
School Breakfast Program	10.553	096-104	473,162
National School Lunch Program	10.555	096-104	1,299,085
Donated Foods	10.555	096-104	78,890
Passed through Missouri Department of Health and Senior Services:			
Summer Food Service Program	10.559	2427	62,340
Subtotal CFDA 10.553			473,162
Subtotal CFDA 10.555			1,377,975
Subtotal CFDA 10.559			62,340
Subtotal Child Nutrition Cluster			1,913,477
Child and Adult Care Food Program	10.558	2427	174,153
Subtotal Passed Through Missouri Department of Elementary and Secondary Education			1,851,137
Subtotal Passed Through Missouri Department of Health and and Senior Services			236,493
Total U.S. Department of Agriculture			2,087,630

SCHOOL DISTRICT OF JENNINGS

Schedule of Expenditures of Federal Awards (continued)

Program Title	Federal CFDA Number	Pass-Through Identification Number	Expenditures
<u>U.S. Department of Defense, Department of the Army:</u>			
Direct Program:			
Junior Reserve Officer Training Corps	12.000	MO 061176	78,601
Total U.S. Department of Defense, Department of the Army			78,601
<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	41,237
Total U.S. Department of Health and Human Services			41,237
TOTAL			\$ 4,239,160

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, 2016. 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, 2016.

Note 5 - Insurance

The District did not have any federal insurance in effect during the fiscal year ended June 30, 2016.

Note 6 - Loan/Loan Guarantees

The District did not have any loans or loan guarantees outstanding as of June 30, 2016.

Note 7 - Subrecipients

The District did not provide federal awards to any subrecipients during the fiscal year ended June 30, 2016.

SCHOOL DISTRICT OF JENNINGS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

SCHOOL DISTRICT OF JENNINGS

Schedule of Findings and Questioned Costs (continued)

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.