

**NEW ISSUE  
BOOK-ENTRY ONLY  
BANK QUALIFIED**

**S&P DIRECT DEPOSIT RATING: AA+  
S&P UNDERLYING RATING: A+  
See "BOND RATINGS" herein**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel to the District, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Bonds is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (2) the interest on the Bonds is exempt from Missouri income taxation by the State of Missouri, and (3) the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" in this Official Statement.*

**\$8,000,000  
SIKESTON R-6 SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS  
(MISSOURI DIRECT DEPOSIT PROGRAM)  
SERIES 2017**

**Dated: Date of Delivery**

**Due: March 1, as shown on the inside cover**

The General Obligation Bonds (Missouri Direct Deposit Program), Series 2017 (the "**Bonds**") will be issued by the Sikeston R-6 School District (the "**District**") for the purpose of providing funds to pay (1) costs of the Project, as further described herein under the section captioned "**PLAN OF FINANCING - The Project,**" and (2) costs of issuance related to the Bonds.

The Bonds will be issued as fully-registered bonds in the denomination of \$5,000 or integral multiples thereof. Principal on the Bonds will be payable annually on March 1 as set forth on the inside cover of this Official Statement. Interest on the Bonds is payable semiannually on each March 1 and September 1, commencing September 1, 2017, by check or draft mailed (or by wire transfer in certain circumstances as described herein) to the persons who are the registered owners of the Bonds as of the close of business on the 15th day of the month preceding the applicable interest payment date.

The Bonds are subject to optional redemption prior to maturity as described herein under the section captioned "**THE BONDS - Redemption Provisions.**"

THE BONDS AND INTEREST THEREON WILL CONSTITUTE GENERAL OBLIGATIONS OF THE DISTRICT, PAYABLE FROM AD VALOREM TAXES WHICH MAY BE LEVIED WITHOUT LIMITATION AS TO RATE OR AMOUNT UPON ALL OF THE TAXABLE TANGIBLE PROPERTY, REAL AND PERSONAL, WITHIN THE TERRITORIAL LIMITS OF THE DISTRICT.

**See inside cover for maturities, principal amounts, interest rates, prices and CUSIP numbers.**

*The Bonds are offered when, as and if issued by the District and accepted by the Underwriter, subject to the approval of validity by Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel to the District, and subject to certain other conditions. Bond Counsel will also pass on certain matters relating to this Official Statement. Piper Jaffray & Co. is serving as financial advisor to the District on this transaction. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about June 14, 2017.*



The date of this Official Statement is May 31, 2017.

**\$8,000,000**  
**SIKESTON R-6 SCHOOL DISTRICT**  
**GENERAL OBLIGATION BONDS**  
**(MISSOURI DIRECT DEPOSIT PROGRAM)**  
**SERIES 2017**

**MATURITY SCHEDULE**

**Base CUSIP: 809690**

<b><u>Due</u></b> <b><u>(March 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Price</u></b>	<b><u>CUSIP</u></b>
2018	\$125,000	2.00%	100.708%	FR6
2019	65,000	3.00	103.129	FS4
2020	80,000	3.00	104.791	FT2
***	***	***	***	***
2022	130,000	4.00	111.964	FV7
2023	240,000	4.00	113.638	FW5
2024	305,000	4.00	114.875	FX3
2025	365,000	4.00	115.776	FY1
2026	395,000	3.00	107.113	FZ8
2027	420,000	3.00	106.376	GA2
2028	445,000	3.00	105.645	GB0
2029	475,000	3.00	104.559	GC8
2030	505,000	3.00	103.842	GD6
2031	535,000	3.00	103.130	GE4
2032	565,000	3.00	102.777	GF1
2033	600,000	3.00	102.424	GG9
2034	630,000	3.00	101.724	GH7
2035	670,000	3.00	101.029	GJ3
2036	705,000	3.00	100.684	GK0
2037	745,000	3.00	100.000	GL8

## **SIKESTON R-6 SCHOOL DISTRICT**

1002 Virginia  
Sikeston, Missouri 63801

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### **BOARD OF EDUCATION**

Matt Tanner, *President and Member*  
Scott Crumpecker, *Vice-President and Member*  
Kyle Alcorn, *Member*  
Chad Bles, *Member*  
Aaron Boyce, *Member*  
Heather Drury, *Member*  
Rebecca Steward, *Member*

### **DISTRICT ADMINISTRATION**

Tom Williams, *Superintendent*  
Shannon Holifield, *Assistant Superintendent for Secondary/Support Services*  
Chuck Mayes, *Chief Academic Officer/Curriculum & Professional Development*  
Lynn Crader, *Assistant Superintendent for Elementary/Special Services*  
Lori Boardman, *Director of Business Services*

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### **FINANCIAL ADVISOR**

Piper Jaffray & Co.  
St. Louis, Missouri

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### **BOND COUNSEL**

Gilmore & Bell, P.C.  
St. Louis, Missouri

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### **PAYING AGENT**

BOKF, NA  
St. Louis, Missouri

## **REGARDING USE OF THIS OFFICIAL STATEMENT**

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**THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(a)(2) OF SUCH ACT.**

The information set forth herein has been obtained from the District and other sources which are deemed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the District. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or any other person has been authorized by the District to give any information or make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor the sale of any of the Bonds hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District or the other matters described herein since the date hereof.

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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**CAUTIONARY STATEMENTS REGARDING FORWARD-  
LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

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Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect the District’s current expectations, hopes, intentions, or strategies regarding the future. Such statements may be identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “intend” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENTS WILL PROVE TO BE ACCURATE.

**UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE DISTRICT ON THE DATE HEREOF, AND THE DISTRICT ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION “CONTINUING DISCLOSURE UNDERTAKING.”**

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<b>FOR THE FISCAL YEAR ENDED JUNE 30,</b>	
<b>2016</b>	

## OFFICIAL STATEMENT

**\$8,000,000**  
**SIKESTON R-6 SCHOOL DISTRICT**  
**GENERAL OBLIGATION BONDS**  
**(MISSOURI DIRECT DEPOSIT PROGRAM)**  
**SERIES 2017**

### INTRODUCTION

*The following introductory information is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the appendices hereto, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and appendices, should be considered in its entirety. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.*

#### General

This Official Statement, including the cover page and appendices hereto, is furnished to prospective purchasers in connection with the offering and sale of \$8,000,000 aggregate principal amount of General Obligation Bonds (Missouri Direct Deposit Program), Series 2017 (the “**Bonds**”) by the Sikeston R-6 School District (the “**District**”). The Bonds represent general obligation bonds authorized by the required majority of the qualified voters of the District at an election held in the District on April 4, 2017 and a resolution of the Board of Education of the District adopted on May 9, 2017 (the “**Resolution**”). *All capitalized terms used herein and not otherwise defined herein have the meanings assigned to those terms in the Resolution.*

#### Purpose of the Bonds

The Bonds are being issued for the purposes of providing funds to pay (a) the costs of the Project (as defined herein) and (b) costs of issuing the Bonds. See the section herein captioned “**PLAN OF FINANCING.**”

#### Security for the Bonds

**General.** The Bonds will constitute general obligations of the District and will be payable as to principal or Redemption Price (as defined herein) of and interest from ad valorem taxes, which may be levied without limitation as to rate or amount upon all of the taxable tangible property, real and personal, within the territorial limits of the District. See the section herein captioned “**SECURITY FOR THE BONDS – General.**”

**Direct Deposit Agreement.** Pursuant to a Direct Deposit Agreement among the Office of the Treasurer of the State of Missouri, the Department of Elementary and Secondary Education of the State of Missouri, the Health and Educational Facilities Authority of the State of Missouri, BOKF, NA and the District, the District will agree that a portion of its State aid payments will be transferred to BOKF, NA, as Direct Deposit Trustee, in order to pay the debt service on the Bonds. See the section herein captioned “**SECURITY FOR THE BONDS – Direct Deposit of State Aid Payments.**”

#### Continuing Disclosure

The District will enter into a Continuing Disclosure Undertaking dated as of June 1, 2017 (the “**Continuing Disclosure Undertaking**”) to provide certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated material events relating to the District and/or the Bonds. The financial information, operating data and notice of events will be filed in

compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission. See the section herein captioned **“CONTINUING DISCLOSURE UNDERTAKING.”**

### **Description of Documents**

Brief descriptions of the Bonds, the security for the Bonds and certain other matters are included in this Official Statement. Such information, summaries and descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds and the Resolution are qualified in their entirety by reference to such documents.

## **THE BONDS**

### **General**

The Bonds are being issued in the aggregate principal amount of \$8,000,000. The Bonds are dated as of the date of original delivery of and payment for the Bonds and the principal is payable on March 1 in the years and in the principal amounts set forth on the inside cover page hereof, subject to redemption and payment prior to maturity upon the terms and conditions described under the section herein captioned **“THE BONDS – Redemption Provisions.”** Interest on the Bonds is calculated at the rates per annum set forth on the inside cover page hereof, computed on the basis of a 360-day year of twelve 30-day months. The Bonds shall consist of fully-registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable from the date thereof or the most recent date to which interest has been paid and is payable semiannually on March 1 and September 1, beginning September 1, 2017.

The interest payable on each Bond on any Bond Payment Date will be paid to the person in whose name such Bond is registered (the **“Registered Owner”** or **“Owner”**) as shown on the registration books (the **“Bond Register”**) at the close of business on the 15<sup>th</sup> day (whether or not a Business Day) of the calendar month next preceding such Bond Payment Date (the **“Record Date”**) for such interest (i) by check or draft mailed by BOKF, NA, a national banking association with a principal payment office located in St. Louis, Missouri (the **“Paying Agent”**) to the address of such Registered Owner shown on the Bond Register or such other address furnished to the Paying Agent in writing by such Registered Owner, or (ii) by electronic transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner, not less than 15 days prior to the Record Date for such interest payment, containing the electronic transfer instructions including the name and address of the bank (which shall be in the continental United States), its ABA routing number and the account number to which such Registered Owner wishes to have such transfer directed, and an acknowledgement that an electronic transfer fee is payable.

The principal or Redemption Price of each Bond will be paid by check or draft to the Registered Owner of such Bond at the maturity thereof, upon presentation and surrender of such Bond at the payment office of the Paying Agent in St. Louis, Missouri or at such other payment office as designated by the Paying Agent.

### **Book-Entry Only System**

**General.** The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the **“Book-Entry System”**) maintained by The Depository Trust Company (**“DTC”**), New York, New York.

**The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. The District takes no responsibility for the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to**



**such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

***DTC and its Participants.*** DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

***Purchases of Ownership Interests.*** Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

***Transfers.*** To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

***Notices.*** Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in

effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

***Voting.*** Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

***Payments of Principal, Redemption Price and Interest.*** Payment of principal or Redemption Price of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or Redemption Price of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

***Discontinuation of Book-Entry System.*** DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

## **Registration, Transfer and Exchange of Bonds**

The District will cause the Bond Register to be kept at the principal payment office of the Paying Agent or such other office designated by the Paying Agent for the registration, transfer and exchange of the Bonds as provided in the Resolution. Upon surrender of any Bond at the principal payment office of the Paying Agent, or at such other office designated by the Paying Agent, the Paying Agent shall transfer or exchange such Bond as provided in the Resolution.

The Paying Agent shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate or principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's

duly authorized agent. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Paying Agent, are the responsibility of the Registered Owners of the Bonds. If any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure. The District and the Paying Agent shall not be required (i) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent in accordance with the Resolution and during the period of 15 days next preceding the date of mailing of such notice of redemption, or (ii) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the District of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to the Resolution.

### **Redemption Provisions**

At the option of the District, the Bonds or portions thereof maturing on or after March 1, 2026 may be called for redemption and payment prior to their Stated Maturity on March 1, 2025 and thereafter as a whole or in part at any time at the Redemption Price of 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date (as defined herein).

### **Selection of Bonds to be Redeemed**

Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Bonds are to be redeemed, such Bonds shall be redeemed in such order of their Stated Maturities as determined by the District, and Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or in such other equitable manner as the Paying Agent may determine.

In the case of a partial redemption of Bonds, when Bonds of denominations greater than \$5,000 are then Outstanding, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Bond are selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Registered Owner of such Bond or the Registered Owner's duly authorized agent shall present and surrender such Bond to the Paying Agent (1) for payment of the price which such Bonds are to be redeemed (the "**Redemption Price**") and interest to the date fixed for redemption (the "**Redemption Date**") of such \$5,000 unit or units of face value called for redemption, and (2) for exchange, without charge to the Registered Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Registered Owner of any such Bond shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only).

### **Notice of Redemption**

Unless waived by any Registered Owner of Bonds to be redeemed, official notice of any redemption shall be given by the Paying Agent on the District's behalf by mailing a copy of an official redemption notice by first class mail at least 30 days but not more than 60 days prior to the Redemption Date to each Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register.

The failure of any Registered Owner to receive the foregoing notice or any defect therein shall not invalidate the effectiveness of the call for redemption.

So long as DTC is effecting book-entry transfers of the Bonds, the Paying Agent shall provide the notices specified in the Resolution to DTC. It is expected that DTC will, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Paying Agent, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, will not affect the validity of the redemption of such Bond.

### **Effect of Call for Redemption**

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the District defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as provided in the Resolution for payment of interest. Upon surrender for any partial redemption of any Bond, the Paying Agent shall prepare for the Registered Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided in the Resolution. All Bonds that have been surrendered for redemption shall be canceled and destroyed by the Paying Agent pursuant to the Resolution and shall not be reissued.

## **SECURITY FOR THE BONDS**

### **General**

***Pledge of Full Faith and Credit.*** The Bonds will constitute general obligations of the District and will be payable as to both principal and interest from ad valorem taxes, which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the District.

***Levy and Collection of Annual Tax.*** Under the Resolution, there is levied upon all of the taxable tangible property within the District a direct annual tax sufficient to produce the amounts necessary for the payment of the principal or Redemption Price of and interest on the Bonds as the same become due and payable in each year. Such taxes shall be extended upon the tax rolls in each year, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the District are levied and collected. Except as otherwise provided under the heading “**SECURITY FOR THE BONDS – Direct Deposit of State Aid Payments,**” the proceeds derived from said taxes shall be deposited in the Debt Service Fund, shall be kept separate and apart from all other funds of the District, and shall be used solely for the payment of the principal or Redemption Price of and interest on the Bonds as and when the same become due, taking into account scheduled mandatory redemptions, if any, and the fees and expenses of the Paying Agent.

### **Direct Deposit of State Aid Payments**

Pursuant to Section 360.111 *et seq.* of the Revised Statutes of Missouri, as amended, and related statutes (the “**Deposit Law**”), the State of Missouri (the “**State**”) and the District may agree to transfer to BOKF, NA, as direct deposit trustee (the “**Deposit Trustee**”), a portion of the District’s state aid payments and distributions normally used for operational purposes (“**State Aid**”) in order to provide for payment of debt service on the Bonds. On the date of issuance of the Bonds, the District will enter into a Direct Deposit Agreement (the “**Deposit Agreement**”) with the Office of the Treasurer of the State of Missouri (“**Treasurer’s Office**”), the Department of Elementary and Secondary Education of the State of Missouri (“**DESE**”), the Health and Educational Facilities Authority of the State of Missouri and the Deposit Trustee. Under the Deposit Agreement, the District will pledge its State Aid to the payment of the Bonds. The Deposit Agreement will provide for payment of one-sixth (1/6) of the debt service on the Bonds to be paid on September 1, 2017 and March 1, 2018

in each of the six (6) months of July 2017 through October 2017 and January 2018 and February 2018, and one-tenth (1/10) of the annual debt service on the Bonds in the next bond year to be paid in each of the ten (10) months of March 2018 through October 2018 and January 2019 and February 2019, and each succeeding ten (10) similar months (i.e., March through October and January and February) for each bond year after the Bonds are issued as long as the Bonds are outstanding. Amounts of State Aid to the School District in excess of the one-tenth (1/10) monthly deposit will not be deposited with the Deposit Trustee but will be transferred directly to the District as has historically been the case with all State Aid.

Each month, pursuant to the terms of the Deposit Agreement, DESE will advise the Treasurer's Office of the amount of the District's State Aid to be deposited with the Deposit Trustee for the purpose of paying the Bonds, as specified in the Deposit Agreement. If there is a shortfall in a monthly payment, it is to be made up in the succeeding monthly payment of State Aid. Following receipt of the deposits, the Deposit Trustee will invest the amounts for the benefit of the District. The Deposit Trustee will transfer to the Paying Agent the amount necessary for payment of debt service on the Bonds not later than the day prior to each payment date with respect to the Bonds. The District remains obligated to provide funds to the Paying Agent for debt service on the Bonds if the amounts of State Aid transferred are not sufficient to pay the Bonds when due.

Nothing in the Deposit Law or the Deposit Agreement relieves the District of its obligation to make payments of principal of and interest on the Bonds, or to impose any debt service levy sufficient to retire the Bonds. Moneys of the District which would otherwise be used to pay the Bonds on each payment date may be transferred to the District's operational funds to replace State Aid funds used to pay the Bonds. The State has not committed pursuant to the Deposit Law, the Deposit Agreement or otherwise to maintain any particular level of State Aid on behalf of the District, and the State is not obligated in any manner, contractually or morally, to make payments of debt service on the Bonds, other than its obligation to make transfers to the Deposit Trustee as described above. No assurance can be made that the amount of annual State Aid to the District will not in the future drop below that of the annual debt service requirements on the Bonds.

## **PLAN OF FINANCING**

### **The Project**

In April 2017, voters in the District authorized \$11,000,000 of general obligation bonds for the purpose of constructing, improving, furnishing and equipping school sites, buildings and related infrastructure, including constructing, furnishing and equipping a new elementary school that will include a multipurpose building/safe room and dedicated spaces for art, music and other special classes (the "**Project**"). The Project will consist of the construction of a new 1<sup>st</sup> – 4<sup>th</sup> grade elementary school to accommodate approximately 400 students on an approximately 8.5 acre site donated to the District.

## Sources and Uses of Funds

The estimated sources and uses of the proceeds of the Bonds are as follows:

<u>Sources of Funds</u>	Total
Par Amount of Bonds	\$8,000,000.00
Plus: Original Issue Premium	<u>348,597.60</u>
Total	<u>\$8,348,597.60</u>
 <u>Uses of Funds</u>	
Deposit to the Project Fund	\$8,195,264.35
Costs of Issuance (including Underwriter's Discount)	<u>153,333.25</u>
Total	<u>\$8,348,597.60</u>

## RISK FACTORS

The following is a discussion of certain risks that could affect the payments to be made by the District with respect to the Bonds. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including its appendices) in order to make a judgment as to whether the Bonds are an appropriate investment. Prospective purchasers of the Bonds should consider carefully all possible factors that may result in a default in the payment of the Bonds, the redemption of the Bonds prior to maturity, a determination that the interest on the Bonds might be deemed taxable for purposes of federal and Missouri income taxation, or that may affect the market price or liquidity of the Bonds. **This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.**

### Ad Valorem Property Taxes

The Resolution levies a direct annual tax on all taxable tangible property within the District sufficient to produce amounts necessary for the payment of the principal of and interest on the Bonds each year. Declining property values in the District, whether caused by national or global financial crises, natural disasters, local economic downturns, or other reasons, may require higher levy rates, which may increase the burden on local taxpayers and affect certain taxpayers' willingness or ability to continue timely paying property taxes. See **"PROPERTY TAX INFORMATION CONCERNING THE DISTRICT – Property Valuations – History of Property Valuations"** in **APPENDIX A** of this Official Statement. In addition, the issuance of additional general obligation bonds by the District or other indebtedness by other political subdivisions in the District would increase the tax burden on taxpayers in the District. See **"DEBT STRUCTURE OF THE DISTRICT – Overlapping or Underlying Indebtedness"** in **APPENDIX A** of this Official Statement. Missouri law limits the amount of general obligation debt issuable by the District to 15% of the assessed valuation of taxable tangible property in the District. See **"DEBT STRUCTURE OF THE DISTRICT – Legal Debt Capacity"** in **APPENDIX A** of this Official Statement. Other political subdivisions in the District are subject to similar limitations on general obligation debt imposed by Missouri law, including cities, counties and certain other political subdivisions, which are limited to general obligation debt of 20%, 10% and 5% of assessed valuation of taxable tangible property, respectively.

Concentration of property ownership in the District would expose the District's ability to collect ad valorem property taxes to the financial strength and ability and willingness of major taxpayers to pay property taxes. In calendar year 2016, no single property owner owned more than 6.86% of the total taxable property in the District. See **"PROPERTY TAX INFORMATION CONCERNING THE DISTRICT – Property**

**Valuations – Current Assessed Valuation” and “PROPERTY TAX INFORMATION CONCERNING THE DISTRICT – Major Property Taxpayers” in APPENDIX A of this Official Statement.**

### **Secondary Market Prices and Liquidity**

The Underwriter will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance is given that any secondary market will develop following the completion of the offering of the Bonds and no assurance is given that the initial offering price for the Bonds will continue for any period of time.

Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in the operating performance or tax collection patterns of issuers. Particularly, prices of outstanding municipal securities should be expected to decline if prevailing market interest rates rise. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor’s or the issuer’s circumstances, and may require commitment of the investor’s funds for an indefinite period of time, perhaps until maturity.

### **No Reserve Fund or Credit Enhancement**

No debt service reserve fund will be funded and no financial guaranty insurance policy, letter of credit or other credit enhancement will be issued to insure payment of the Bonds. Accordingly, any potential purchaser of the Bonds should consider the financial ability of the District to pay the Bonds. As described under **“SECURITY FOR THE BONDS”** in this Official Statement, the District has irrevocably pledged its full faith, credit and resources for the prompt payment of the Bonds and levied a direct annual tax, without limitation, sufficient to pay principal and interest on the Bonds on all taxable tangible property in the District.

### **Ratings**

S&P Global Ratings, a division of S&P Global Inc. (the **“Rating Agency”**) has assigned the Bonds the ratings set forth under **“BOND RATINGS”** in this Official Statement. Such ratings reflect only the views of the Rating Agency, and an explanation of the significance of such ratings may be obtained therefrom. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised, either downward or upward, or withdrawn entirely, by the Rating Agency if, in the Rating Agency’s judgment, circumstances warrant. Any such downward revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

### **Pensions and Other Postemployment Benefits**

The District contributes to two cost-sharing multiple-employer defined benefit pension plans on behalf of its employees: (i) The Public School Retirement System of Missouri (**“PSRS”**) and (ii) The Public Education Employee Retirement System of Missouri (**“PEERS”**). See **“FINANCIAL INFORMATION CONCERNING THE SCHOOL DISTRICT – Pension and Employee Retirement Plans”** in **APPENDIX A** of this Official Statement. The District also provides other postemployment benefits (**“OPEB”**) as part of the total compensation offered to attract and retain the services of qualified employees. See **“FINANCIAL INFORMATION CONCERNING THE SCHOOL DISTRICT – Other Postemployment Benefits”** in **APPENDIX A** of this Official Statement. Future required contribution increases beyond the current fiscal year

may require the District to increase its revenues, reduce its expenditures, or some combination thereof, which may impact the District's operations or limit the District's ability to generate additional revenues in the future.

### **State Aid and Direct Deposit Agreement**

Approximately 38.89% of the District's revenue is derived from State Aid. See "**FINANCIAL INFORMATION CONCERNING THE SCHOOL DISTRICT – State Revenue**" and "**– Missouri School Finance Laws**" in **APPENDIX A** of this Official Statement. A portion of the District's State Aid is currently pledged to the payment of the Bonds and will be directly deposited by the State with the Deposit Trustee for payment of the Bonds. See "**SECURITY FOR THE BONDS – Direct Deposit Agreement**" in this Official Statement. Reductions in State Aid could occur in the future if, for example, the State of Missouri faces fiscal problems in the future or the District experiences a decline in enrollment. Reductions in State Aid could force the District to make budget cuts or operational adjustments and may adversely affect the rating on the Bonds or the market price of the Bonds.

### **Amendment of the Resolution**

Certain amendments, effected by resolution of the District, to the Bonds and the Resolution may be made with written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then outstanding. Such amendments may adversely affect the security of the owners of the Bonds; provided that, no amendments may (a) extend the maturity of any payment of principal or interest due upon any Bond, (b) alter the optional redemption provisions of any Bond, (c) effect a reduction in the amount which the District is required to pay as principal of or interest on any Bond; (d) permit preference or priority of any Bond over any other Bond, or (e) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Resolution without the written consent of the Registered Owners of all of the Bonds at the time outstanding.

### **Loss of Premium from Redemption**

Any person who purchases the Bonds at a price in excess of their principal amount or who holds such Bonds trading at a price in excess of par should consider the fact that the Bonds are subject to redemption prior to maturity at the redemption prices described herein in the event such Bonds are redeemed prior to maturity. See "**THE BONDS – Redemption Provisions**" in this Official Statement.

### **Tax-Exempt Status and Risk of Audit**

The failure of the District to comply with certain covenants set forth in the Resolution could cause the interest on the Bonds to become included in federal gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Resolution does not provide for the payment of any additional interest, redemption premium or penalty if the interest on the Bonds becomes included in gross income for federal income tax purposes. See "**TAX MATTERS**" in this Official Statement.

The Internal Revenue Service (the "**IRS**") has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. Owners of the Bonds are advised that, if an audit of the Bonds were commenced, the IRS, in accordance with its current published procedures, is likely to treat the District as the taxpayer, and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.



## **Defeasance Risks**

When all Bonds are deemed paid and discharged as provided in the Resolution, the requirements contained in the Resolution and the pledge of the District's faith and credit thereunder and all other rights granted thereby will terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company moneys and/or Defeasance Obligations that, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the Bonds to the stated maturity or prior redemption date. There is no legal requirement in the Resolution that Defeasance Obligations be rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets, and that could include the rating of Bonds defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

## **THE DISTRICT**

The District is located in southeast Missouri within the southern part of Scott County and the northern part of New Madrid County. The District covers approximately 67 square miles. See **APPENDIX A – INFORMATION REGARDING THE DISTRICT** for further information regarding the District.

## **LEGAL MATTERS**

Legal matters with respect to the authorization, execution and delivery of the Bonds are subject to the approval of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel to the District, whose approving opinion will be available at the time of delivery of the Bonds. Gilmore & Bell, P.C. will also pass upon certain legal matters relating to this Official Statement.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **BOND RATINGS**

The Rating Agency has assigned a municipal bond rating of "AA+" to the Bonds based upon the District's participation in the Missouri Direct Deposit Program. In addition, the Rating Agency has assigned a municipal bond rating of "A+" to the Bonds based on the underlying credit of the District. The ratings reflect only the view of the Rating Agency at the time such ratings are given, and the Underwriter and the District make no representation as to the appropriateness of such ratings. An explanation of the significance of such ratings may be obtained from the Rating Agency.

The District has furnished the Rating Agency with certain information and materials relating to the Bonds and the District that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions made by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally

establishing such rating, circumstances so warrant. Neither the Underwriter nor the District has undertaken any responsibility to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of the rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of the ratings could have an adverse effect on the market price and marketability of the Bonds. Pursuant to the Continuing Disclosure Undertaking, the District is required to bring to the attention of the holders of the Bonds any change of the ratings of the Bonds but has not undertaken any responsibility to oppose any such change. See the section herein captioned “**CONTINUING DISCLOSURE UNDERTAKING.**”

## **TAX MATTERS**

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

### **Opinion of Bond Counsel**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the District, under the law existing as of the issue date of the Bonds:

***Federal and State of Missouri Tax Exemption.*** The interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

***Alternative Minimum Tax.*** Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

***Bank Qualification.*** The Bonds are “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”).

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and State of Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds but has reviewed the discussion under the heading “**TAX MATTERS.**”

## **Other Tax Consequences**

**Original Issue Premium.** If a Bond is issued at a price that exceeds the stated redemption price at maturity of the Bond, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Bond. Under Section 171 of the Code, the purchaser of that Bond must amortize the premium over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

**Sale, Exchange or Retirement of Bonds.** Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

**Reporting Requirements.** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner’s federal income tax liability.

**Collateral Federal Income Tax Consequences.** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

## **CONTINUING DISCLOSURE UNDERTAKING**

The District will enter into a Continuing Disclosure Undertaking dated as of June 1, 2017, for the benefit of the owners of the Bonds and to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the “**Rule**”). The District is the only “obligated person” with responsibility for continuing disclosure.

### **Annual Reports**

Pursuant to the Continuing Disclosure Undertaking, the District will, not later than 180 days after the end of the District’s fiscal year, commencing with the fiscal year ending June 30, 2017, provide to the Municipal

Securities Rulemaking Board (“MSRB”), through EMMA (described below) the following financial information and operating data (the “Annual Report”):

- (1) The audited financial statements of the District for the prior fiscal year. If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in this Official Statement and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.
- (2) The information relating to the District and its operations set forth in **APPENDIX A** of this Official Statement, set forth in the tables under the sections captioned: “**THE DISTRICT - History of Enrollment,**” “**DEBT STRUCTURE OF THE DISTRICT - Current Long Term General Obligation Indebtedness,**” “**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT - Property Valuations,**” “**- History of Tax Levies**” and “**- Major Property Taxpayers.**”

#### **Notices of Material Events**

Pursuant to the Continuing Disclosure Undertaking, the District also is required to give notice to the MSRB no later than 10 business days after the occurrence of any of the following events with respect to the Bonds (“Material Events”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the District;
- (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

The District is also required to file a notice with the MSRB of any failure of the District to file an Annual Report by the deadline prescribed above.

#### **Dissemination Agent**

The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent will not be responsible in any manner

for the content of any notice or report prepared by the District pursuant to the Continuing Disclosure Undertaking.

### **Amendments to Continuing Disclosure Undertaking**

Notwithstanding any other provision of the Continuing Disclosure Undertaking, the District may amend the Continuing Disclosure Undertaking and any provision of the Continuing Disclosure Undertaking may be waived, provided Bond Counsel or other counsel experienced in federal securities law matters provides the District with its opinion that the undertaking of the District, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Undertaking, the District shall describe such amendment in the next Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (a) notice of such change will be given in the same manner as for a Material Event, and (b) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

### **Remedies**

In the event of a failure of the District to comply with any provision of the Continuing Disclosure Undertaking, the Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under the Continuing Disclosure Undertaking. A default under the Continuing Disclosure Undertaking will not be deemed an event of default under the Resolution, and the sole remedy under the Continuing Disclosure Undertaking in the event of any failure of the District to comply with the Continuing Disclosure Undertaking is an action to compel performance.

### **Electronic Municipal Market Access System (EMMA)**

All Annual Reports and notices of Material Events required to be filed by the District under the Continuing Disclosure Undertaking must be submitted to the MSRB through the MSRB's Electronic Municipal Market Access system ("**EMMA**"). EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, material event notices, real-time municipal securities trade prices and MSRB education resources, available at [www.emma.msrb.org](http://www.emma.msrb.org). Nothing contained on EMMA relating to the District or the Bonds is incorporated by reference into this Official Statement.

### **Termination**

The District's obligations under the Continuing Disclosure Undertaking shall terminate upon the legal defeasance, redemption or payment in full of all of the Bonds. If the District's obligations under the Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with the Continuing Disclosure Undertaking in the same manner as if it were the District, and the District shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the District shall give notice of such termination or substitution in the same manner as for a Material Event.

## **Prior Compliance**

The District has made similar continuing disclosure undertakings with respect to some of its outstanding obligations. The District covenanted to include in its Annual Report the District's audited financial statements for the previous year in addition to updated information relating to the District and its operations. A review of the District's compliance with its previous undertakings was conducted and it was found, during the preceding five years, that the District did not file its annual report for the fiscal years ended June 30, 2012 through 2016 and failed to provide notice of late filings. The District subsequently remedied the deficiencies described above.

The District plans to engage a professional third-party firm to assist with the District's annual filings going forward.

## **ABSENCE OF LITIGATION**

As of the date hereof, there is no controversy, suit or other proceeding of any kind pending or, to the District's knowledge, threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the District or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act in connection with the authorization, issuance and sale of the Bonds, or the constitutionality or validity of the Bonds or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof, or which might affect the District's ability to meet its obligations to pay the Bonds.

## **UNDERWRITING**

Janney Montgomery Scott LLC, Philadelphia, Pennsylvania (the "**Underwriter**"), has agreed to purchase the Bonds at a price of \$8,282,116.35 (which is equal to the aggregate original principal amount of the Bonds, less an underwriting discount of \$66,481.25, plus an original issue premium of \$348,597.60). The Underwriter is purchasing the Bonds for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine.

## **FINANCIAL ADVISOR**

Piper Jaffray & Co., St. Louis, Missouri (the "**Financial Advisor**"), has been employed by the District as financial advisor to provide certain professional services in connection with the Bonds, including advising the District on a plan of financing related to the Bonds. The Financial Advisor has not undertaken an independent investigation into the accuracy of the information presented in this Official Statement.

## **CERTAIN RELATIONSHIPS**

Gilmore & Bell, P.C., Bond Counsel to the District, has represented the Paying Agent and the Financial Advisor in transactions unrelated to the issuance of the Bonds, but is not representing either of them in connection with the issuance of the Bonds.

## **MISCELLANEOUS**

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights of the Owners thereof. During the period of the offering, copies of drafts of such documents may be examined at the offices of the Financial Advisor; following delivery of the Bonds, copies of such documents may be examined at the offices of the District. The information contained in this Official Statement has been compiled from official and other sources that are deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof. This Official Statement is not to be construed as a contract or agreement between the District, the Paying Agent, or the Underwriter and the purchasers or Owners of any Bonds.

The District has duly authorized the delivery of this Official Statement.

**SIKESTON R-6 SCHOOL DISTRICT**

By: /s/ Matt Tanner  
President of the Board of Education

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## **APPENDIX A**

### **INFORMATION REGARDING THE DISTRICT**

## APPENDIX A

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## THE DISTRICT

### General Description

The District has been in existence since 1968 and is located in southeast Missouri within the southern part of Scott County and the northern part of New Madrid County. The District covers approximately 67 square miles. The District's estimated population in 2010 was 20,716. Although much of the District is rural in nature, the District encompasses the entire City of Sikeston, Missouri (the “City”), which has an estimated population of 20,813 as of 2015 and is approximately 150 miles south of St. Louis, Missouri. The District's student enrollment for the 2016-2017 school year is 3,455.



### Organization and Board of Education

The District is a reorganized school district formed pursuant to Chapter 162 of the Revised Statutes of Missouri, as amended (“RSMo”). The District is governed by a seven-member Board (the “Board”). The members of the Board are elected by the voters of the District for three-year staggered terms. All Board members are elected at-large and serve without compensation. The Board is responsible for all policy decisions. The President of the Board is elected by the Board from among its members for a term of one year and has no regular administrative duties. The Secretary and Treasurer are appointed by the Board and may or may not be members of the Board.

The current members and officers of the Board are:

<u>Name</u>	<u>Office</u>	<u>First Term Began</u>	<u>Current Term Expires</u>
Matt Tanner	President & Member	2015	2018
Scott Crumpecker	Vice President & Member	2007	2019
Kyle Alcorn	Member	2017	2020
Chad Bles	Member	2017	2020
Aaron Boyce	Member	2017	2020
Heather Drury	Member	2015	2018
Rebecca Steward	Member	2013	2019

Bryan Nickell serves as Secretary and Attorney to the Board.

### Administration

The Board appoints the Superintendent of Schools who is the chief administrative officer of the District responsible for carrying out the policies set by the Board. Mr. Tom Williams has been Superintendent of the District for the past 5 years. Mr. Williams has worked for the District since 1990; prior to becoming superintendent he held positions as teacher, assistant principal and principal.

Additional members of the administrative staff are appointed by the Board upon recommendation by the Superintendent. Reporting to the Superintendent are the Director of Business Services, Assistant Superintendent for Secondary/Support Services, Assistant Superintendent for Elementary/Special Services and Chief Academic Officer/Curriculum & Professional Development.

The District has a total of 563 employees, including 31 administrative personnel, 361 teachers, which includes 62 substitute teachers, and 171 non-certificated employees. Many of the employees are dues paying

members of the Missouri State Teachers Association and participate in the related local Community Teacher Association.

### Professional Staff

The average teacher employed by the District has 11.6 years of teaching experience, compared to a statewide average of 12.3 years, and 44.3% of the District's teachers hold advanced degrees. For the 2015-2016 school year, the average salary for all teaching staff was \$42,893 compared to a statewide average salary for teaching staff of \$49,060.

### Educational Facilities

The District operates nine schools, as shown below. The aggregate replacement cost of the current physical facilities of the District as most recently determined for insurance purposes is \$93,544,669.

<u>Name of School</u>	<u>Grades Served</u>
Sikeston Senior High	9-12
Sikeston Career & Technology Center	9-12
7 <sup>th</sup> and 8 <sup>th</sup> Grade Center	7-8
5 <sup>th</sup> and 6 <sup>th</sup> Grade Center	5-6
Lee Hunter Elementary	1-4
Matthews Elementary	1-4
Southeast Elementary	1-4
Sikeston Kindergarten Center and Early Childhood Center	PreK-K
Sikeston Alternative Education Center	3-12

### History of Enrollment

The following table shows student enrollment in the District (as of September), for the years shown.

	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
Pre-K	83	92	93	95	97
Primary (K-5)	1,669	1,655	1,657	1,670	1,636
Middle (6-8)	801	782	781	793	771
High (9-12)	<u>1,011</u>	<u>998</u>	<u>975</u>	<u>957</u>	<u>951</u>
Total	<u>3,564</u>	<u>3,527</u>	<u>3,506</u>	<u>3,515</u>	<u>3,455</u>

*Source:* Missouri Department of Elementary and Secondary Education.

### Education Programs

The District operates schools with grades Pre-K through 12. The District operates under the oversight of the Missouri Department of Elementary and Secondary Education (“DESE”). Programs offered by the District are comprehensive with an academic curriculum encompassing foreign languages, math, science, literature, composition and social studies. The District offers numerous special programs such as gifted, early childhood, parents as teachers, English language learners, special education, and an extensive adult and community education program.

In addition to serving high school students, Sikeston Career & Technology Center (“SCTC”) has adult and community education programs designed to assist adults in meeting their needs for success. Full-time

programs offer training for career placement, such as practical nursing, business/office technology, graphic arts, welding technology, design drafting, construction technology, television production, auto mechanics and auto collision repair programs. In addition to full-time programs, SCTC also offers short-term evening courses in areas such as healthcare, technical training, personal enrichment, internet and computer processing.

### Other District Statistics

The following table shows additional information about the District compiled by DESE for the last five completed fiscal years.

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Ave. Daily Attendance (ADA)	3,186.40	3,204.08	3,197.15	3,071.94	3,138.86
Rate of Attendance	95.2%	95.1%	95.3%	95.0%	95.3%
Current Expenditures per ADA	\$7,716.40	\$7,939.31	\$8,082.86	\$8,615.94	\$8,762.28
Students per Teacher	13	14	14	14	14
Students per Classroom Teacher	19	19	19	19	19

*Source:* Missouri Department of Elementary and Secondary Education.

### School Rating and Accreditation

DESE administers the Missouri School Improvement Program (“**MSIP**”), the state’s school accountability system for reviewing and accrediting public school districts in Missouri. Since MSIP was established in 1990, four review cycles have been completed, each cycle lasting from five to six years. The fifth cycle, referred to as MSIP 5, began in the 2012-13 school year.

DESE computes an Annual Performance Report (“**APR**”) for every public school district and charter local education agency, and for each school. This overall score is comprised of scores for each of the MSIP 5 performance standards: (1) Academic Achievement (percent proficient or advanced in English language arts, mathematics, science and social studies), (2) Subgroup Achievement (percent proficient or advanced in English language arts, mathematics, science and social studies for students in certain super subgroups (Hispanic, Black, FRL (free/reduced price lunch eligible), IEP (Individualized Education Program for child with disability), ELL (English Language Learners)), (3) High School Readiness (K-8 districts) or College and Career Readiness (K-12 districts) based on certain test scores, (4) Attendance Rate, and (5) Graduation Rate (K-12 districts). Status, progress and growth (where applicable) are used to calculate a comprehensive score used to determine the accreditation level of a school district.

Under MSIP 5, there are four levels of school accreditation: (1) Accredited With Distinction, for districts with equal to or greater than 90% of the points possible on the APR and meeting other criteria yet to be determined by the State Board of Education (a resolution to adopt criteria was considered but withdrawn in September 2014 and no further attempt to adopt criteria has been made making the achievement of the status Accredited with Distinction impossible until criteria have been adopted), (2) Accredited, for districts with scoring equal to or greater than 70% of the points possible on the APR, (3) Provisional, for districts with equal to or greater than 50% but less than 70% of the points possible on the APR, and (4) Unaccredited, for districts scoring less than 50% of the points possible on the APR.

In the District’s 2016 APR, the District earned 81.1% of the points possible, placing the District in the “Accredited” category.

The MSIP classification is not a bond or debt rating, but is solely an evaluation made by DESE.

## ECONOMIC INFORMATION CONCERNING THE DISTRICT

### Population

The following table shows population figures for the District, the City, New Madrid County, Scott County and the State of Missouri (the “**State**”) from the last three decennial censuses and the latest available estimate.

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015</u>
District	22,590	21,635	20,716	20,813
City	17,642	16,992	16,318	16,436
New Madrid County	20,928	19,760	18,956	18,411
Scott County	39,376	40,422	39,191	39,061
State	5,117,073	5,595,211	5,988,927	6,045,448

*Source:* U.S. Census Bureau, Decennial Census and U.S. Census Bureau 2011-2015 American Community Survey 5-year Estimates

The following table shows population distribution by age for the District, New Madrid County, Scott County and the State from the latest available estimate.

### Estimated Population Distribution by Age (2015 Estimate)

<u>Age</u>	<u>District</u>	<u>New Madrid County</u>	<u>Scott County</u>	<u>State</u>
Under 5 years	1,498	1,131	2,651	376,772
5-19 years	4,049	3,688	7,661	1,187,202
20-24 years	1,199	1,005	2,359	429,174
25-44 years	4,872	4,313	9,481	1,530,004
45-64 years	5,495	5,118	10,485	1,617,695
65 years and over	<u>3,700</u>	<u>3,156</u>	<u>6,424</u>	<u>904,601</u>
TOTAL	<u>20,813</u>	<u>18,411</u>	<u>39,061</u>	<u>6,045,448</u>
Median age	39.9	40.5	39.7	38.2

*Source:* Missouri Census Data Center - American Community Survey 5-Year Estimates (2011-2015).

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## Commerce, Industry and Employment

Listed below are the major employers located in the City.

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
Missouri Delta Medical Center	Health Services	839
Unilever	Food Manufacturing	749
Sikeston R-6 School District	Education	563
Walmart	Retail Sales	485
Orgill, Inc.	Distribution Warehouse	325
Food Giant	Retail Food Sales	255
Alan Wire Company	Electrical Wire/Cable	225
Burch Food Service	Food Service	150
Ferguson Medical Clinic	Health Services	150
Do It Best Corp.	Retail Distribution	150

Source: Sikeston Regional Chamber and Area Economic Development Corporation.

The following table sets forth employment figures for New Madrid County, Scott County, the State and the United States:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<i>New Madrid County</i> <sup>(1)</sup>					
Total Labor Force	8,291	8,498	8,636	8,374	8,091
Unemployed	644	627	535	778	758
Unemployment Rate	7.8%	7.4%	6.2%	9.3%	9.4%
<i>Scott County</i> <sup>(1)</sup>					
Total Labor Force	19,839	19,952	20,185	20,208	19,886
Unemployed	1,405	1,305	1,056	1,155	1,136
Unemployment Rate	7.1%	6.5%	5.2%	5.7%	5.7%
<i>State</i> <sup>(2)</sup>					
Total Labor Force	3,022,513	3,059,067	3,096,678	3,111,517	3,058,587
Unemployed	201,751	186,699	154,857	140,815	127,737
Unemployment Rate	6.7%	6.1%	5.0%	4.6%	4.2%
<i>United States</i> <sup>(2)</sup>					
Total Labor Force	155,389,000	155,922,000	157,130,000	159,187,000	159,912,000
Unemployed	11,460,000	9,617,000	8,296,000	7,751,000	7,284,000
Unemployment Rate	7.4%	6.2%	5.3%	4.9%	4.6%

Source: U.S. Department of Labor, Bureau of Labor Statistics

(1) Figures for the year 2017 are preliminary and for the month of February, not an annualized calculation.

(2) Figures for the year 2017 are preliminary and for the month of March, not an annualized calculation.

## Medical and Health Facilities

The Missouri Delta Medical Center (the “**Medical Center**”), a 144-licensed bed facility located in the City, provides health care services for residents in southeast Missouri. The Medical Center employs over 800 healthcare providers in departments such as cardiology, labor and delivery, radiology, inpatient rehabilitation and geriatric psychiatry. The Medical Center also operates several walk-in clinics around southeast Missouri.

## **Higher Education**

Higher education is provided by the SCTC, as described above, and by regional campuses of Southeast Missouri State University (“**SEMO**”) and Three Rivers Community College.

SEMO is a public, four-year institution located in Cape Girardeau, Missouri, approximately 35 miles from the City. SEMO offers a diverse range of undergraduate programs and a select number of graduate programs, leading to associate, baccalaureate, master’s, doctorate and specialist degrees in over 200 different areas of study within 42 academic departments. SEMO also operates four regional campus to serve local needs in Kennett, Malden, Poplar Bluff and the City. The City’s campus of SEMO gives local students convenient access to scholastic programs that have been nationally recognized and accredited.

Three Rivers Community College is a public, two-year institution located in Poplar Bluff, Missouri, approximately 50 miles from the City. The Three Rivers Center in the City offers day and evening classes toward associate degrees in numerous areas of study.

## **Recreational Facilities**

The District’s residents enjoy many cultural and recreational opportunities within and near the District’s boundaries. The Sikeston Parks and Recreation Department maintains 15 public parks and the Sikeston Sports Complex, which provides ample outdoor recreation opportunities. The facilities at the YMCA of Southeast Missouri, located in the District, include an indoor swimming pool, indoor walking track, fitness center and rock climbing wall. The Albritton-Meyer Performing Arts Center hosts many performances throughout the year. Residents and visitors enjoy taking in the Sikeston Depot Museum, shopping in the historic downtown area and dining at Lambert’s Café, the “Home of the Throed Roll.” The Sikeston Jaycee Bootheel Rodeo, held annually, is ranked as one of the top five professional outdoor rodeos.

## **Municipal Services and Utilities and Public Safety**

**Utilities.** The Sikeston Board of Municipal Utilities is a city-owned utility providing the City with electric, water, sanitary sewer and internet services. Ameren and SEMO Electric Cooperative also provides utilities.

**Public Safety.** Police protection is provided by police departments of the cities located in the District and by the New Madrid and Scott Counties’ Sheriff’s Departments in unincorporated areas.

The Sikeston Department of Public Safety Fire Division is responsible for providing fire protection, rescue services and hazardous material mitigation within the City and has an agreement to provide those services within the Sikeston Fire Protection District.

## **Transportation, Communications and Media**

Two major interstates are located just east of the District. Interstate 55 provides access to the St. Louis Metropolitan Area to the north and Memphis, Tennessee to the south, and Interstate 57 provides a direct route to Chicago, Illinois. Also within the District is the intersection of U.S. Highway 61 and Missouri Highway 62.

Telecommunication services are provided by Charter Communications. There are four radio stations in the District. Residents of the District also receive all Cape Girardeau radio stations and television channels. The Sikeston Standard-Democrat is a daily newspaper circulated within the District. District residents are also served by the Sikeston Public Library and the New Madrid County Library.



## Income and Home Values

The following table presents per capita personal income<sup>(1)</sup> for New Madrid County, Scott County and the State for the years 2011 through 2015, the latest date for which such information is available:

<u>Year</u>	<u>Per Capita Personal Income</u>		
	<u>New Madrid County</u>	<u>Scott County</u>	<u>State</u>
2015	\$30,946	\$36,669	\$42,300
2014	31,953	36,664	41,107
2013	32,556	35,648	39,847
2012	31,934	36,085	39,851
2011	31,516	34,745	38,117

*Source:* U.S. Department of Commerce - Bureau of Economic Analysis.

<sup>(1)</sup> Per Capita Personal Income is the annual total personal income of residents divided by resident population as of July 1. **“Personal Income”** is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and transfer payments. **“Net Earnings”** is earnings by place of work — the sum of wage and salary disbursements (payrolls), other labor income, and proprietors’ income — less personal contributions for social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal Income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

The following table presents the estimated median household income for the District, the City, New Madrid County, Scott County and the State:

<u>Median Household Income</u>	
District	\$36,804
City	36,789
New Madrid County	33,630
Scott County	39,162
State	48,173

*Source:* Missouri Census Data Center, American Community Survey, 5 year estimates (2011-2015).

The following table presents the median value of owner-occupied housing units in the District, the City, New Madrid County, Scott County and the State:

	<u>Number of Owner- Occupied Units</u>	<u>Median Home Value</u>
District	5,163	\$ 98,300
City	3,832	99,200
New Madrid County	4,443	73,100
Scott County	10,384	94,300
State	1,590,020	138,400

*Source:* Missouri Census Data Center, American Community Survey, 5 year estimates (2011-2015).

## DEBT STRUCTURE OF THE DISTRICT

### Overview

The following table summarizes certain financial information concerning the District as of May 1, 2017 (unless otherwise noted). This information should be reviewed in conjunction with the other information contained under the heading “**DEBT STRUCTURE OF THE DISTRICT**” and the financial statements of the District in **APPENDIX B** to this Official Statement.

2016 Assessed Valuation <sup>(1)</sup>	\$246,920,679
2016 Estimated Actual Valuation <sup>(2)</sup>	\$1,013,179,696
2015 Estimated Population <sup>(3)</sup>	20,813
Direct General Obligation Debt <sup>(4)</sup>	\$8,909,000
Overlapping General Obligation <sup>(5)</sup>	\$0
Total Direct General Obligation Debt and General Obligation Indirect Debt	\$8,909,000
Ratio of Direct General Obligation Debt to Assessed Valuation	3.61%
Ratio of Direct General Obligation Debt to Estimated Actual Valuation	0.88%
Per Capita Direct General Obligation Debt	\$428.05

- (1) Includes real and personal property valuations as provided by the New Madrid County Clerk and Scott County Clerk, but excludes (1) assessed valuations in the amount of \$5,328,890 attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Districts (defined herein) located within the District and (2) assessed valuations attributable to state assessed railroad and utility property. For further details, see “**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT.**”
- (2) Estimated actual valuation is calculated by dividing different classes of property by the corresponding assessment ratio. For a detail of these different classes and ratios, see “**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT.**”
- (3) See “**ECONOMIC INFORMATION CONCERNING THE DISTRICT – Population.**”
- (4) Includes the Bonds and excludes authorized but unissued bonds in the amount of \$3,000,000.
- (5) See “**DEBT STRUCTURE OF THE DISTRICT – Overlapping or Underlying Indebtedness.**”

### Current Long-Term General Obligation Indebtedness

The following table sets forth all of the outstanding general obligation indebtedness of the District as of the issuance of the Bonds.

<u>Issue Name</u>	<u>Date of Indebtedness</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding</u>
General Obligation Refunding Bonds, Series 2016	May 24, 2016	\$1,407,000	\$ 909,000
The Bonds	June 14, 2017	<u>8,000,000</u>	<u>8,000,000</u>
Total		<u>\$9,407,000</u>	<u>\$8,909,000</u>

## History of General Obligation Indebtedness

The following table shows the outstanding debt of the District for each of the last five fiscal years.

<u>As of June 30</u>	<u>Total Outstanding Debt</u>	<u>Assessed Valuation<sup>(1)</sup></u>	<u>Debt as % of Assessed Valuation<sup>(2)</sup></u>
2016	\$1,407,000	\$250,399,404	0.56%
2015	2,470,000	238,314,755	1.04
2014	2,740,000	231,821,596	1.18
2013	6,135,000	222,896,585	2.75
2012	6,485,000	216,765,861	2.99

*Source:* The District's Audited Financial Statements for fiscal years ended June 30, 2012-2016.

- <sup>(1)</sup> The assessed valuation used is the assessed valuation of the District as adjusted through December 31 of the calendar year prior to the fiscal year shown. Assessed valuation excludes state assessed railroad and utility property and incremental increase in assessed valuation over the established assessed valuation base within TIF Districts (defined herein) located within the District.
- <sup>(2)</sup> If state assessed railroad and utility property and the incremental increase in the assessed value of property within TIF Districts were taken into account, the debt as a percentage of total assessed valuation would be lower than the percentages shown. For more information, see **"DEBT STRUCTURE OF THE DISTRICT – Legal Debt Capacity."**

The District has never defaulted on the payment of any of its debt obligations.

## Legal Debt Capacity

Under Article VI, Section 26(b) of the Constitution of Missouri, the District may incur indebtedness for authorized school purposes not to exceed 15% of the valuation of taxable tangible property in the District according to the last completed assessment upon the approval of four-sevenths of the qualified voters in the District voting on the proposition at any municipal, primary or general election or two-thirds voter approval on any other election date. The legal debt limitation and debt margin of the District are as follows:

### Legal Debt Limitation and Debt Margin

Constitutional Debt Limitation under Article VI, Section 26(b) (15% of 2016 assessed valuation)	\$37,837,435 <sup>(1)</sup>
General Obligation Bonds Outstanding and Authorized But Not Issued	<u>(11,909,000)<sup>(2)</sup></u>
Legal Debt Margin under Article VI, Sections 26(b)	<u>\$25,928,435</u>

- <sup>(1)</sup> Includes assessed valuation in the amount of \$5,328,890 attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Districts (defined herein) located within the District.

- <sup>(2)</sup> Includes \$9,129,000 of general obligation bonds issued (following issuance of the Bonds) plus the remaining \$3,000,000 of general obligation bonds authorized by voters but yet to be issued.

The District's legal debt limit and debt margin would be higher if (i) the amount in the Debt Service Fund available to pay principal of the bonds, and (ii) the valuation of state assessed railroad and utility property that is physically located within the bounds of the District were both taken into account. Neither amount was included in the calculations of debt limit or debt margin.

Because of the manner in which tax collections are distributed to school districts from assessments of state assessed railroad and utility property (see **"PROPERTY TAX INFORMATION CONCERNING THE DISTRICT – Property Valuations – Current Assessed Valuation"**), the cumbersome task of determining the valuation of such property physically located within a school district is not normally undertaken unless, without the value of such property included in the calculation, the district would exceed its legal debt limit.

## General Obligation Bonds Debt Service Requirements

The following schedule shows the yearly principal and interest requirements for all outstanding general obligation bonds of the District, including the Bonds.

<b>Fiscal Year Ended June 30</b>	<b><u>Outstanding Bonds</u></b>		<b><u>The Bonds</u></b>		<b><u>Total</u></b>
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	
2017 <sup>(1)</sup>	\$ 498,000.00	\$10,717.82	-	-	\$ 508,717.82
2018	278,000.00	8,999.10	\$ 125,000.00	\$ 177,865.42	589,864.52
2019	281,000.00	6,246.90	65,000.00	246,650.00	598,896.90
2020	284,000.00	3,465.00	80,000.00	244,700.00	612,165.00
2021	66,000.00	653.40	-	242,300.00	308,953.40
2022	-	-	130,000.00	242,300.00	372,300.00
2023	-	-	240,000.00	237,100.00	477,100.00
2024	-	-	305,000.00	227,500.00	532,500.00
2025	-	-	365,000.00	215,300.00	580,300.00
2026	-	-	395,000.00	200,700.00	595,700.00
2027	-	-	420,000.00	188,850.00	608,850.00
2028	-	-	445,000.00	176,250.00	621,250.00
2029	-	-	475,000.00	162,900.00	637,900.00
2030	-	-	505,000.00	148,650.00	653,650.00
2031	-	-	535,000.00	133,500.00	668,500.00
2032	-	-	565,000.00	117,450.00	682,450.00
2033	-	-	600,000.00	100,500.00	700,500.00
2034	-	-	630,000.00	82,500.00	712,500.00
2035	-	-	670,000.00	63,600.00	733,600.00
2036	-	-	705,000.00	43,500.00	748,500.00
2037	-	-	745,000.00	22,350.00	767,350.00
Totals	<u>\$1,407,000.00</u>	<u>\$30,082.22</u>	<u>\$8,000,000.00</u>	<u>\$3,274,465.42</u>	<u>\$12,711,547.64</u>

<sup>(1)</sup> Debt service on the Outstanding Bonds for Fiscal Year 2017 previously made on September 1, 2016 and March 1, 2017.

The principal and interest requirements on the District's general obligation bonds (including the Bonds) are payable from amounts in the District's Debt Service Fund generated by a levy on all taxable tangible property in the District. The Debt Service Fund levy may be set, without limitation as to rate or amount, at the level required to make payments on the general obligation bonds. See **"FINANCIAL INFORMATION CONCERNING THE DISTRICT."**

## Other Long-Term Obligations of the District

***Lease Participation Certificates, Series 2012.*** On January 24, 2012, the District approved delivery of Lease Participation Certificates, Series 2012, in the original principal amount of \$2,065,000 (the **"Certificates"**). The Certificates represent the proportionate interests of the owners thereof right to receive rent payments to be made by the District, subject to annual appropriation, pursuant to a Lease Agreement dated as of January 1, 2012, entered into between the Association of School Business Officials of the State of Missouri, Inc., as lessor, and the District, as lessee (the **"Lease"**). The following schedule shows the yearly rental payments that are payable by the District under the Lease, subject to annual appropriation, and that are distributable to owners of the Certificates. Such payments are payable from moneys in the District's Capital Projects Fund and are not payable from any money in the District's Debt Service Fund, which is available solely to make payments on any general obligation bonds of the District.

<b>Fiscal Year Ended June 30</b>	<b><u>Principal Portion</u></b>	<b><u>Interest Portion</u></b>	<b><u>Total Rental Payments</u></b>
2017	\$ 205,000	\$ 34,156	\$ 239,156
2018	205,000	30,056	235,056
2019	215,000	23,906	238,906
2020	220,000	17,456	237,456
2021	225,000	12,231	237,231
2022	<u>230,000</u>	<u>6,325</u>	<u>236,325</u>
Totals	<u>\$1,300,000</u>	<u>\$124,130</u>	<u>\$1,424,130</u>

**Energy Financing.** On January 10, 2012, the District was approved for an Energize Missouri Schools and Local Governments Loan (the “**Loan**”) to finance energy-efficient projects through the Missouri Department of Natural Resources. The original principal amount of the Loan was \$1,351,100 with an annual interest rate of 2.00% for 10 years. The principal balance at June 30, 2016, was \$965,798. The following is a schedule of the future loan payment requirements to maturity. For additional information regarding the Loan, see Note 6 to the District’s financial statements included in **APPENDIX B** to this Official Statement.

#### **Future Borrowing Plans**

The District anticipates issuing the remaining \$3,000,000 of the \$11,000,000 of bonds authorized at the April 2017 election in 2019.

#### **Overlapping or Underlying Indebtedness**

Currently, there are no political subdivisions with boundaries overlapping the District that have outstanding general obligation debt. Political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds or other long-term obligations such as leases, the amounts of which may be unknown to the District at this time.

### **FINANCIAL INFORMATION CONCERNING THE DISTRICT**

#### **Accounting, Budgeting and Auditing Procedures**

The District presents its governmental activities in fund 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, in conformity with the requirements of Missouri law and DESE. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenditures when they result from modified cash transactions.

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, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Transactions have been recorded in the following funds for the accounting of all District funds:

- **General (Incidental) Fund:** The General Fund is the primary operating fund of the District. It is used to account for general activities of the District, including expenditures for noncertified employees, pupil transportation costs, plant operation, fringe benefits, student body activities,

community services, food service and any expenditures not required or permitted to be accounted for in other funds.

- **Special Revenue (Teachers') Fund:** Accounts for expenditures for certificated employees involved in administration and instruction. It includes revenues restricted by the state and the local tax levy for the payment of teacher salaries and certain employee benefits.
- **Debt Service Fund:** Accounts for the accumulation of resources for, and the payment of, principal, interest and fiscal charges on, long-term debt.
- **Capital Projects Fund:** Accounts for resources restricted for the acquisition or construction of specific capital projects or items. It accounts for the proceeds of long-term debt, taxes and other receipts, including the Bond proceeds, designated for construction of major capital assets and all other capital outlay.

The Treasurer of the District is responsible for handling all moneys of the District and administering the above funds. All moneys received by the District from whatever source are credited to the appropriate fund. Moneys may be disbursed from such funds by the Treasurer only for the purpose for which they are levied, collected or received and only upon checks drawn by the Treasurer pursuant to orders of the Board or upon orders for payment issued by the Treasurer pursuant to orders of the Board.

An annual budget of estimated receipts and disbursements for the coming fiscal year is prepared by the Superintendent and is presented to the Board prior to July 1 for approval. The District's fiscal year is July 1 through June 30. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes and includes a statement of the rate of levy per hundred dollars of assessed valuation required to raise each amount shown on the budget as coming from District property taxes.

The financial records of the District are audited annually by an independent public accountant according to the modified cash basis of accounting. The most recent annual audit has been performed by Van de Ven, LLC. The audited financial statements of the District for the fiscal year ended June 30, 2016, together with the independent auditor's report thereon, are included in this Official Statement at **APPENDIX B**. A summary of significant accounting policies of the District is contained in the notes accompanying the financial statements in **APPENDIX B**. The audited financial statements for earlier years with reports by the certified public accountants are available for examination in the District's office.

## **Sources of Revenue**

The District finances its operations through the local property tax levy, state sales tax, State Aid (as defined below), federal grant programs and miscellaneous sources, including without limitation State Aid for Transportation, a state sales tax on cigarettes and a pro rata share of interest income from the counties in which each school district operates. Debt service on general obligation bonds is paid from amounts in the District's Debt Service Fund. The primary source of money in the Debt Service Fund is local property taxes derived from a debt service levy. As discussed below, the Debt Service Fund may, however, also contain money derived from transfers from the Incidental Fund, from State Aid in the Classroom Trust Fund, and from certain other taxes or payments-in-lieu-of-taxes that may be placed in the Debt Service Fund at the discretion of the Board.

State and federal revenue, as well as "Proposition C" sales tax revenue (included in the "**Local Revenue**" category below), are received on a continuous monthly basis throughout the fiscal year. Local taxes, however, are received primarily in January, over six months into a district's fiscal year. Districts that receive a smaller percentage of revenue from state and federal aid and depend more on local revenues will typically carry a larger fund balance than other districts that may be receiving a larger percent of its revenue from state and federal aid amounts rather than local taxes.

For the 2015-2016 fiscal year, the District's sources of revenue were as follows:

<u>Source</u>	<u>Amount</u>	<u>%</u>
Local Revenue:		
Property Taxes	\$ 9,209,212	27.1
Proposition C Sales Tax	3,204,798	9.4
Other	1,852,174	5.4
County Revenue:		
Railroad & Utility Property Taxes	955,361	2.8
Fines, Forfeitures & Other	81,228	0.2
State Revenue	13,784,224	40.5
Federal Revenue	4,750,052	14.0
Other Revenue	201,550 <sup>(1)</sup>	0.6
<b>Total Revenue</b>	<b><u>\$34,038,599<sup>(1)</sup></u></b>	<b>100.0%</b>

*Source:* District's Annual Secretary of the Board Report for fiscal year ended June 30, 2016.

<sup>(1)</sup> Excludes proceeds from the sale of the District's \$1,407,000 General Obligation Refunding Bonds, Series 2016.

The table below shows the allocation of revenues received by the District for the past five fiscal years:

<u>Source</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Local Revenue	\$13,030,537	\$13,306,647	\$13,911,566	\$14,148,928	\$14,266,184
County Revenue	1,028,081	935,674	985,958	1,008,751	1,036,589
State Revenue	12,606,782	12,834,842	12,882,293	13,275,090	13,784,224
Federal Revenue	6,252,179	3,562,754	4,830,171	3,171,269	4,750,052
Other Revenue	3,297,985 <sup>(1)</sup>	104,305	99,801	168,514	1,608,550 <sup>(2)</sup>
Total	<u>\$36,215,563<sup>(1)</sup></u>	<u>\$30,744,222</u>	<u>\$32,709,789</u>	<u>\$31,772,552</u>	<u>\$35,445,599<sup>(2)</sup></u>

*Source:* District's Annual Secretary of the Board Reports for fiscal years ended June 30, 2012 through 2016.

<sup>(1)</sup> Includes proceeds from the sale of the District's \$3,190,000 General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2011.

<sup>(2)</sup> Includes proceeds from the sale of the District's \$1,407,000 General Obligation Refunding Bonds, Series 2016.

## Local Revenue

The primary sources of "local revenue" are (1) taxes upon real and personal property within a district, excluding railroad and utility property taxes, which are more fully described below, and (2) receipts from a 1% state sales tax (commonly referred to as "**Proposition C revenues**") approved by the voters in 1982.

Proposition C revenues are deemed to be "local" revenues for school district accounting purposes. Proposition C revenues are distributed to each school district based on the district's weighted average daily attendance (see "**Weighted ADA**" under "**Missouri School Finance Laws**" below). For the 2015-2016 fiscal year, each school district received approximately \$948 per pupil from Proposition C revenues based upon each districts' 2014-2015 Weighted ADA.

## County Revenue

For school taxation purposes, all state assessed railroad and utility property within a county is taxed uniformly at a rate determined by averaging the tax rates of all school districts in the county. No determination is made of the assessed value of the railroad and utility property that is physically located within the boundaries of each school district. Such tax collections for each county are distributed to the school districts within that county according to a formula based in part on total student enrollments in each district and in part on the taxes

levied by each district. County revenue also includes certain fines and forfeitures collected with respect to violations within the boundaries of the school district.

## **State Revenue**

The primary source of state revenue or “State Aid” is provided under a formula enacted under Chapter 163, RSMo. In its 2005 regular session, the Missouri General Assembly approved significant changes to the formula by adoption of Senate Bill 287 (“**SB 287**”), which became effective July 1, 2006. The changes to State Aid distribution laws are more fully described below under “**Missouri School Finance Laws.**”

## **Federal Revenue**

School districts receive certain grants and other revenue from the federal government that are required to be used for the specified purposes of the grant or funding program.

The federal “No Child Left Behind” law requires that every public school student must score at a “proficient” level or higher in math and reading by 2014. Each state establishes its own proficiency levels. Federal sanctions for school districts that fail to meet established proficiency standards include providing parents and students from underperforming schools within a district the right to request a transfer to a school within the district that meets proficiency standards. In addition, schools that continue to fail to meet proficiency standards must, in addition to transfers and tutoring, make additional changes in staffing, curriculum and management. Federal sanctions apply only to public schools that receive Title I federal money.

In July of 2012, the State earned a waiver from the No Child Left Behind law when the United States Department of Education approved the State’s proposed accountability system aimed at replacing the existing accountability measures of the No Child Left Behind law. This waiver expired August 1, 2016. The state’s proposed system, Top 10 by 20, outlines a plan for Missouri to be in the top 10 states by 2020, with a focus on students becoming college and career ready by graduation.

The federal “Every Student Succeeds Act” (“**ESSA**”) was signed into law on December 10, 2015. ESSA will replace the “No Child Left Behind Act.” Each state education agency must develop a state accountability plan that incorporates testing based on challenging academic standards. The plans must be submitted to the United States Department of Education by July 5, 2017. Under ESSA, states can decide how much weight to give standardized tests in their accountability systems and determine what consequences, if any, should attach to poor performance. However, at least 95 percent of eligible students are required to take the state-chosen standardized test and federal funding can be withheld if states fall below the 95 percent threshold. The transition to new state plans will begin during the 2016-2017 school year, with full implementation in the 2017-2018 school year.

The State is in the process of designing an accountability system that will meet the parameters outlined in ESSA. Under ESSA, the state will continue to test students through the Missouri Assessment Program.

## **Missouri School Finance Laws**

**State Aid.** The amount of State Aid for school districts in Missouri has typically been calculated using a complex formula. The impact of SB 287 was to transition the state away from a local-tax-rate-based formula to a formula that is primarily student-needs-based. The formula was phased in over a seven-year period, which began in the 2006-07 fiscal year and ended with the 2012-13 school year. Since the 2013-2014 school year, State Aid has been calculated solely using the student-needs-based formula.

**Property Tax Levy Requirements.** The sum of a district’s local property tax levies in its Incidental and Teachers’ Funds must be at least \$2.75 per \$100 assessed valuation in order for the district to receive increases in State Aid above the level of State Aid it received in the 2005-2006 fiscal year. Levy reductions required as a



result of a “Hancock rollback” (See “**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT – Tax Rates – Operating Levy**” below) will not affect a district’s eligibility for State Aid increases.

**The Formula.** A district’s State Aid is determined by first multiplying the district’s weighted average daily attendance (“**Weighted ADA**”) by the state adequacy target (“**State Adequacy Target**”). This figure may be adjusted upward by a dollar value modifier (“**DVM**”). The product of the Weighted ADA multiplied by the State Adequacy Target multiplied by the DVM is then reduced by a district’s local effort (“**Local Effort**”) to calculate a district’s final State Aid amount. The State Aid amount is distributed to the districts on a monthly basis.

**Weighted ADA.** Weighted ADA is based upon regular term ADA plus summer school ADA, with additional weight assigned in certain circumstances for students who qualify for free and reduced price lunch (“**FRL**”), receive special education services (“**IEP**”), or possess limited English language proficiency (“**LEP**”). These FRL, IEP and LEP students are weighted to the extent they exceed certain thresholds (based on the percentage of students in each of the categories) in certain high performing districts (“**Performance Districts**”), which thresholds can change every two years. For fiscal years 2017 and 2018, DESE has revised the thresholds downward as required under Senate Bill 586, which modified the definition of State Adequacy Target to require that a future recalculation of the State Adequacy Target never result in a decrease from the State Adequacy Target as calculated for fiscal years 2017 and 2018. This lowering of the thresholds means more FRL, IEP and LEP students will be included in Weighted ADA. The Weighted ADA has the potential to be further increased in fiscal 2017 and beyond as certain districts become eligible to count certain preschool age children for FRL (up to a 4% increase). The District’s State Aid revenues would be adversely affected by decreases in its Weighted ADA resulting from decreased enrollment generally and, specifically, decreased enrollment of FRL, IEP and LEP students.

**State Adequacy Target.** The State Aid formula requires DESE to calculate a “State Adequacy Target,” which is intended to be the minimum amount of funds a school district needs in order to educate each student. DESE’s calculation of the State Adequacy Target is based upon amounts spent, excluding federal and state transportation revenues, by Performance Districts. Every two years, using the most current list of Performance Districts, DESE will recalculate the State Adequacy Target. The recalculation can never result in a decrease from the State Adequacy Target as calculated for fiscal years 2017 and 2018 and any State Adequacy Target figure calculated subsequent to fiscal year 2018. For fiscal years 2017 and 2018, the State Adequacy Target is \$6,241 per pupil, however, because education funding is not expected to be fully funded, the State Adequacy Target will be at an adjusted level.

**Dollar Value Modifier.** The DVM is an index of the relative purchasing power of a dollar in different areas of the state. The DVM is calculated as one plus 15% of the difference of the regional wage ratio (the ratio of the regional wage per job divided by the state median wage per job) minus one. The law provides that the DVM can never be less than 1.000 nor more than 1.092. DESE revises the DVM for each district on an annual basis. The DVM for the District for both 2015-2016 and 2016-2017 was 1.015. The DVM for the District for 2017-2018 will be 1.014.

**Local Effort.** For the 2006-07 fiscal year, the Local Effort figure utilized in a district’s State Aid calculation was the amount of locally generated revenue that the district would have received in the 2004-05 fiscal year if its operating levy was set at \$3.43. The \$3.43 amount is called the “performance levy.” For all year subsequent to the 2006-07 fiscal year, a district’s Local Effort amount has been frozen at the 2006-07 amount, except for adjustments due to increased locally collected fines or decreased assessed valuation in the district. Growth in assessed valuation and operating levy increases will result in additional local revenue to the district, without affecting State Aid payments.

**Categorical-Source Add-Ons.** In addition to State Aid distributed pursuant to the formula as described above, the formula provides for the distribution of certain categorical sources of State Aid to school districts.

These include (1) 75% of allowable transportation costs, (2) the career ladder entitlement, (3) the vocational education entitlement and (4) educational and screening program entitlements.

***Classroom Trust Fund (Gambling Revenue) Distribution.*** A portion of the State Aid received under the formula will be in the form of a distribution from the “Classroom Trust Fund,” a fund in the state treasury containing a portion of the state’s gambling revenues. This money is distributed to school districts on the basis of ADA (versus *Weighted* ADA, which applies to the basic formula distribution). The funds deposited into the Classroom Trust Fund are not earmarked for a particular fund or expense and may be spent at the discretion of the local school district except that, beginning with the 2010-11 fiscal year, all proceeds of the Classroom Trust Fund in excess of amounts received in the 2009-10 fiscal year must be placed in the Teachers’ or Incidental Funds. For the 2015-2016 fiscal year, each school district received approximately \$389 per pupil based on their 2014-2015 ADA. Classroom Trust Fund dollars do not increase the amount of State Aid.

***Mandatory Deposit and Expenditures of Certain Amounts in the Teachers’ Fund.*** The following state and local revenues must be deposited in the Teachers’ Fund: (1) 75% of basic formula State Aid, excluding State Aid distributed from the Classroom Trust Fund (gambling revenues); (2) 75% of one-half of the district’s local share of Proposition C revenues; (3) 100% of the career ladder state matching payments; and (4) 100% of local revenue from fines and escheats based on violations or abandoned property within the district’s boundaries.

In addition to these mandatory deposits, school districts are also required to spend for certificated staff compensation and tuition expenditures each year the amounts described in clauses (1) and (2) of the preceding paragraph. Since the 2007-08 fiscal year, school districts are further required to spend for certificated staff compensation and tuition expenditures each year, per the second preceding year’s Weighted ADA, as much as was spent in the previous year from local and county tax revenues deposited in the Teachers’ Fund, plus the amount of any transfers from the Incidental Fund to the Teachers’ Fund that are calculated to be local and county tax sources. This amount is to be determined by dividing local and county tax sources in the Incidental Fund by total revenue in the Incidental Fund. Commencing with the 2006-07 fiscal year, the formula provides that certificated staff compensation now includes the costs of public school retirement and Medicare for those staff members. These items were previously paid from the Incidental Fund.

Failure to satisfy the deposit and expenditure requirements applicable to the Teachers’ Fund will result in a deduction of the amount of the expenditure shortfall from a district’s basic formula State Aid for the following year, unless the district receives an exemption from the State Board of Education.

A school board may transfer any portion of the unrestricted balance remaining in the Incidental Fund to the Teachers’ Fund. Any district that uses a transfer from the Incidental Fund to pay for more than 25% of the annual certificated compensation obligation of the district, and has an Incidental Fund balance on June 30 in any year in excess of 50% of the combined Incidental and Teachers’ Fund expenditures for the fiscal year just ended, will be required to transfer the excess from the Incidental Fund to the Teachers’ Fund.

***Limited Sources of Funds for Capital Expenditures.*** School districts may only pay for capital outlays from the Capital Projects Fund. Sources of revenues in the Capital Projects Fund are limited to: (i) proceeds of general obligation bonds (which are repaid from a Debt Service Fund levy) and lease financings; (ii) revenue from the school district’s local property tax levy for the Capital Projects Fund; (iii) certain permitted transfers from the Incidental Fund; and (iv) a portion of the funds distributed to school districts from the Classroom Trust Fund.

***Capital Projects Fund Levy.*** Prior to setting tax rates for the Teachers’ and Incidental Funds, each school district must annually set the tax rate for the Capital Projects Fund as necessary to meet the expenditures of the Capital Projects Fund for capital outlays, except that the tax rate set for the Capital Projects Fund may not be in an amount that would result in the reduction of the equalized combined tax rates for the Teachers’ and Incidental Funds to an amount below \$2.75. The District does not currently levy a property tax for its Capital Projects Fund.

***Transfers from the Incidental Fund to the Capital Projects Fund.*** In addition to money generated from the Capital Projects Fund levy, each school district may transfer money from the Incidental Fund to the Capital Projects Fund for certain purposes, including: (1) the amount to be expended for transportation equipment that is considered an allowable cost under the state board of education rules for transportation reimbursements during the current year; (2) the amount necessary to satisfy obligations of the Capital Projects Fund for state-approved area vocational-technical schools; (3) current year obligations for lease-purchase obligations entered into prior to January 1, 1997; (4) the amount necessary to repay costs of one or more guaranteed energy savings performance contracts to renovate buildings in the school district, provided that the contract specified that no payment or total of payments shall be required from the school district until at least an equal total amount of energy and energy-related operating savings and payments from the vendor pursuant to the contract have been realized; and (5) to satisfy current year capital project expenditures, an amount not to exceed the greater of (a) \$162,326 or (b) seven percent (7%) of the State Adequacy Target (which DESE calculated at \$6,241 for 2016-2017 but, due to funding shortfalls, will be at an adjusted level; see “***State Adequacy Target***” above) times a school district’s Weighted ADA. The District transferred \$96,958 from the Incidental Fund to the Capital Projects Fund under this provision during the 2015-2016 fiscal year.

***Transfers from Incidental Fund to Debt Service Fund and/or Capital Projects Fund.*** If a school district is not using the seven percent (7%) or the \$162,326 transfer discussed in parts (5)(a) and (5)(b) of the prior paragraph and is not making payments on lease purchases pursuant to Section 177.088, RSMo, then the school district may transfer from the Incidental Fund to the Debt Service and/or the Capital Projects Fund the greater of (1) the State Aid received in the 2005-2006 school year as a result of no more than eighteen (18) cents of the sum of the Debt Service Fund levy and Capital Projects Fund levy used in the foundation formula and placed in the Capital Projects Fund or Debt Service Fund, or (2) Five percent (5%) of the State Adequacy Target (which DESE calculated at \$6,241 for 2016-2017 but, due to funding shortfalls, will be at an adjusted level; see “***State Adequacy Target***” above) times the district’s Weighted ADA. Because the District made a transfer under the provision discussed in the prior paragraph, the District was not eligible to make a transfer under this provision during the 2015-2016 fiscal year.

## **Fund Balances Summary**

The following Summary Statement of Revenues, Expenditures and Changes in Fund Balances was prepared from the District’s audited financial statements for the fiscal years ended June 30, 2013 through 2016. The statement set forth below should be read in conjunction with the other financial statements and notes set forth in ***APPENDIX B*** of this Official Statement and the financial statements on file at the District’s office.

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**Summary Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Funds**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General (Incidental) Fund</b>				
Balance - Beginning of Year	\$10,224,634	\$10,657,442	\$11,413,954	\$10,791,146
Revenues	12,602,334	14,209,029	12,495,266	13,931,844
Expenditures	(11,424,258)	(11,514,485)	(11,584,685)	(11,933,205)
Transfers In (Out)	<u>(745,268)</u>	<u>(1,938,032)</u>	<u>(1,533,389)</u>	<u>(1,915,764)</u>
Balance - End of Year	<u>\$10,657,442</u>	<u>\$11,413,954</u>	<u>\$10,791,146</u>	<u>\$10,874,021</u>
<b>Special Revenue (Teachers') Fund</b>				
Balance - Beginning of Year	\$ 0	\$ 0	\$ 0	\$ 0
Revenues	16,956,670	17,459,373	18,364,064	18,902,600
Expenditures	(16,956,670)	(17,459,373)	(18,364,064)	(18,902,600)
Transfers In (Out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance - End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Debt Service Fund</b>				
Balance - Beginning of Year	\$ 3,775,683	\$ 3,710,002	\$ 677,280	\$ 901,807
Revenues	536,993	603,576	574,977	1,996,177 <sup>(1)</sup>
Expenditures	(602,674)	(3,636,298)	(350,450)	(2,583,867)
Transfers In (Out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance - End of Year	<u>\$ 3,710,002</u>	<u>\$ 677,280</u>	<u>\$ 901,807</u>	<u>\$ 314,117</u>
<b>Capital Projects Fund</b>				
Balance - Beginning of Year	\$ 2,249,473	\$ 2,262,737	\$ 3,596,523	\$ 3,482,630
Revenues	648,226	437,814	338,245	614,980
Expenditures	(1,380,230)	(1,042,060)	(1,985,527)	(1,915,357)
Transfers In (Out)	<u>745,268</u>	<u>1,938,032</u>	<u>1,533,389</u>	<u>1,915,764</u>
Balance - End of Year	<u>\$ 2,262,737</u>	<u>\$ 3,596,523</u>	<u>\$ 3,482,630</u>	<u>\$ 4,098,017</u>
<b>Total Governmental Funds</b>				
Balance - Beginning of Year	\$16,249,790	\$16,630,181	\$15,687,757	\$15,175,583
Revenues	30,744,223	32,709,792	31,772,552	35,445,601 <sup>(1)</sup>
Expenditures	(30,363,832)	(33,652,216)	(32,284,726)	(35,335,029)
Transfers In (Out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance - End of Year	<u>\$16,630,181</u>	<u>\$15,687,757</u>	<u>\$15,175,583</u>	<u>\$15,286,155</u>
<b>Ending Operating Fund<sup>(2)</sup> Balances as Percentage of Operating Fund Expenditures</b>	37.55%	39.39%	36.03%	35.27%

*Source:* District's audited financial statements for fiscal years ended June 30, 2013-2016.

<sup>(1)</sup> Includes proceeds from the sale of District's \$1,407,000 General Obligation Refunding Bonds, Series 2016.

<sup>(2)</sup> The Operating Fund is defined to be the General Fund and Special Revenue Fund only.

## **Risk Management**

The District is exposed to various risks of loss from, among things, tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains several policies of insurance, providing coverage that includes casualties to the District's facilities and general liability insurance, which policies are subject to certain deductible clauses. The District also maintains a partially self-funded medical health care plan covering substantially all of its employees. There has been no significant reduction in insurance coverage from the previous year.

## **Pension and Employee Retirement Plans**

**General.** The District contributes to two cost-sharing multiple-employer defined benefit pension plans on behalf of its employees: (i) The Public School Retirement System of Missouri ("**PSRS**"), which provides retirement, disability and death benefits to full-time (and certain part-time) certificated employees of school districts and certain other educational entities in Missouri and employees of certain related employers; and (ii) The Public Education Employee Retirement System of Missouri ("**PEERS**"), which provides retirement and disability benefits to employees of school districts and certain other educational entities in Missouri and of certain related employers who work 20 or more hours per week and do not contribute to PSRS. Benefit provisions relating to both PSRS and PEERS are set forth in Chapter 169 of the Revised Statutes of Missouri, as amended. The statutes assign responsibility for the administration of both plans to a seven member Board of Trustees of PSRS (the "**PSRS Board**"). PSRS and PEERS had 534 and 530 contributing employers, respectively, during the fiscal year ended June 30, 2016.

PSRS and PEERS issue a publicly available financial report that includes financial statements and required supplementary information. The PSRS/PEERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016 (the "**2016 PSRS/PEERS CAFR**"), the comprehensive financial report for the plans, is available at [www.psr-peers.org/Investments/Annual-Report.html](http://www.psr-peers.org/Investments/Annual-Report.html). The link to the 2016 PSRS/PEERS CAFR is provided for general background information only, and the information in the 2016 PSRS/PEERS CAFR is not incorporated by reference herein. The 2016 PSRS/PEERS CAFR provides detailed information about PSRS and PEERS, including their respective financial positions, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plans.

**PSRS and PEERS Contributions.** Employees who contribute to PSRS are not eligible to make Social Security contributions, except in limited circumstances. For the fiscal year ended June 30, 2016, PSRS contributing employees were required to contribute 14.5% of their annual covered salary and their employers, including the District, were required to contribute a matching amount of 14.5% of each contributing employee's covered salary. The contribution requirements of members and the District are established (and may be amended) by the PSRS Board based on the recommendation of an independent actuary. State statute prohibits the PSRS Board from approving an increase greater than 1.0% in aggregate of PSRS contributing member covered pay of the previous year.

Employees who contribute to PEERS are eligible to make Social Security contributions. For the fiscal year ended June 30, 2016, PEERS contributing employees were required to contribute 6.86% of their annual covered salary and their employers, including the District, were required to contribute a matching amount of 6.86% of each contributing employee's covered salary. The contribution requirements of members and the District are established (and may be amended) by the PSRS Board based on the recommendation of an independent actuary. State statute prohibits the PSRS Board from approving an increase greater than 0.5% in aggregate of PEERS contributing member covered pay of the previous year.

**PSRS and PEERS Funded Status.** PSRS and PEERS reported funded ratios of 84.8% and 86.4%, respectively, as of June 30, 2016, according to the 2016 PSRS/PEERS CAFR. Funded ratios are intended to estimate the ability of current plan assets to satisfy projected future liabilities. The PSRS and PEERS funded

ratios are determined by dividing the smoothed actuarial value of plan assets by the plan's actuarial accrued liability determined under the entry age normal cost method with normal costs calculated as a level percentage of payrolls, along with certain actuarial assumptions based on an experience study conducted in 2016. PSRS and PEERS amortize unfunded actuarial liabilities using a closed 30-year method. Additional assumptions and methods used to determine the actuarial funded status of PSRS and PEERS are set forth in the Actuarial Section of the 2016 PSRS/PEERS CAFR. The funding objective of each plan, as stated in each plan's Actuarial Funding Policy, is to achieve a funded ratio of 100% over a closed 30-year period.

The following provides a historical comparison of actual employer contributions to actuarially determined contributions and the historical funded status for the plans for the years shown:

#### **Schedule of Employer Contributions**

<b>Year Ended June 30,</b>	<b>PSRS</b>			<b>PEERS</b>		
	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contributions</b>	<b>Contribution Excess/ (Deficiency)*</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contributions</b>	<b>Contribution Excess/ (Deficiency)<sup>(1)</sup></b>
2016	\$643,155,536	\$669,953,683	\$ 26,798,147	\$104,011,593	\$106,654,638	\$ 2,643,045
2015	666,438,984	656,924,899	(9,514,085)	105,739,092	103,624,310	(2,114,782)
2014	608,459,393	643,989,869	35,530,476	98,497,846	100,699,735	2,201,889
2013	507,232,268	634,040,335	126,808,067	87,013,816	97,059,313	10,045,497
2012	720,303,976	620,214,231	(100,089,745)	95,094,785	95,094,785	-

Source: "Schedules of Employer Contributions" in the Financial Section of the 2016 PSRS/PEERS CAFR.

<sup>(1)</sup> The annual statutory increase in the total contribution rate may not exceed 1% of pay for PSRS and 0.5% of pay for PEERS. The limitation on contribution increases resulted in a deficiency for some of the years presented. Contributions were funded to the maximum statutory limit each year.

#### **Schedule of Funding Progress**

*(Dollar amounts in thousands)*

<b>Year Ended June 30,</b>	<b>PSRS</b>			<b>PEERS</b>		
	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Funded Ratio</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Funded Ratio</b>
2016	\$35,419,278	\$41,744,619	84.8%	\$4,157,427	\$4,809,666	86.4%
2015	34,073,415	40,610,540	83.9	3,915,199	4,512,317	86.8
2014	31,846,599	38,483,184	82.8	3,584,719	4,211,489	85.1
2013	29,443,147	36,758,165	80.1	3,237,200	3,967,619	81.6
2012	29,013,002	35,588,030	81.5	3,090,880	3,746,347	82.5

Source: "Schedule of Funding Progress" in the Actuarial Section of the 2016 PSRS/PEERS CAFR.

As stated in the District's audited financial statements, the District's contributions to PSRS and PEERS for the years shown were as follows:

**District Contributions to PSRS and PEERS**

Year Ended June 30,	PSRS		PEERS	
	Annual Contribution <sup>(1)</sup>	Contribution (% of Payroll)	Annual Contribution <sup>(1)</sup>	Contribution (% of Payroll)
2016	\$2,259,917	14.5%	\$279,043	6.86%
2015	2,160,983	14.5	283,320	6.86
2014	2,078,732	14.5	279,043	6.86
2013	2,079,285	14.5	279,893	6.86
2012	2,080,173	14.5	272,161	6.86

*Source:* Audited financial statements of the District for the fiscal years ended June 30, 2014-2016.

<sup>(1)</sup> The annual contributions equaled the amounts required by the PSRS Board for each year.

The District's contribution to PSRS and PEERS during the fiscal year ended June 30, 2016 constituted approximately 7.19% of the District's total expenditures during the fiscal year. The District will be required to contribute 14.5% of covered payroll for PSRS contributing employees and 6.86% of covered payroll for PEERS contributing employees during the fiscal year ending June 30, 2017, equal to the contribution percentages for the fiscal year ended June 30, 2016.

***Estimated Proportionate Share of PSRS/PEERS Liability.*** The District has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, for the fiscal year ended June 30, 2015. This Statement requires the District to record its proportional share of the net pension liability of PSRS and PEERS. PSRS and PEERS have implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*. Accordingly, PSRS and PEERS are required annually to provide each contributing Missouri school district reports estimating each district's proportional share of the net pension liability of PSRS and PEERS as of the end of the prior fiscal year. The estimate is computed for each district by multiplying the net pension liability of a plan (calculated by determining the difference between the plan's total pension liability and fiduciary net position) by a percentage reflecting the district's proportionate share of contributions to the plan during the fiscal year. At June 30, 2016 (measured as of June 30, 2015), the District's proportional share of the net pension liability of PSRS and PEERS was \$19,870,185 and \$1,551,282, respectively, as determined by PSRS and PEERS on an accrual basis of accounting. In accordance with GASB 68, the District's audited financial statements for the fiscal year ended June 30, 2016 reflect a liability in those respective amounts for its proportionate share of the net pension liability of PSRS and PEERS. PSRS and PEERS determined the proportionate share of PSRS and PEERS participating employers based on the District's actual contributions to PSRS and PEERS relative to the actual contributions of all participating employers for PSRS and PEERS, respectively, for the fiscal year ended June 30, 2015. At June 30, 2015, the District's proportion was 0.3442% of PSRS and 0.2933% of PEERS. In addition, for the year ended June 30, 2016, the district recognized pension expense of \$1,309,765 for PSRS and \$301,731 for PEERS, its proportionate share of the total pension expense. Detailed information about the calculation of the net pension liability of the plans, including information about the assumptions used, is available in Note 5 of the 2016 PSRS/PEERS CAFR.

The net pension liability of PSRS and PEERS is based on an 8.0% discount rate, which is also the current assumed investment rate of return for the plans. PSRS and PEERS further advised the District that its proportionate share of the net pension liability using a 1% higher or lower discount rate at June 30, 2016 (measured as of June 30, 2015) would be as follows:

### Proportionate Share of Net Pension Liability Sensitivity

	<b>1.0% Decrease (7.0%)</b>	<b>Current Discount Rate (8.0%)</b>	<b>1.0% Increase (9.0%)</b>
District's proportionate share of PSRS net pension liability	\$36,544,884	\$19,870,185	\$5,865,296
District's proportionate share of PEERS net pension liability / (asset)	\$3,131,782	\$1,551,282	\$2,151,053

For the first time since 1980, the PSRS Board has revised the actuarial assumed rate of return from 8.0% to 7.75%. This revision, along with several other revisions and changes in assumptions made by the PSRS Board in light of the actuarial experience studies and asset-liability study conducted in fiscal year 2016, will be relevant for the fiscal year ending June 30, 2017 (i.e., for actuarial valuations as of June 30, 2016).

For additional information regarding the District's pensions and employee retirement plans, see Note 5 to the District's financial statements included in **APPENDIX B** to this Official Statement. For additional information regarding PSRS and PEERS, see the 2016 PSRS/PEERS CAFR.

#### **Other Postemployment Benefits**

In addition to pensions, many state and local governments, including the District, provide other postemployment benefits ("OPEB") as part of the total compensation offered to attract and retain the services of qualified employees. For information specific to the District's OPEB obligations, including the District's past contributions relative to its required contributions, its assumptions as to future healthcare and other costs and its unfunded actuarial accrued liability, see Note 1K to the District's financial statements included in **APPENDIX B** to this Official Statement.

### **PROPERTY TAX INFORMATION CONCERNING THE DISTRICT**

#### **Property Valuations**

**Assessment Procedure.** All taxable real and personal property within the District is assessed annually by the County Assessor. Missouri law requires that personal property be assessed at various levels up to 33-1/3% of true value and that real property be assessed at the following percentages of true value:

Residential real property .....	19%
Agricultural and horticultural real property.....	12%
Utility, industrial, commercial, railroad and all other real property .....	32%

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the state legislature adopted a maintenance law in 1986. On January 1 in every odd-numbered year, each County Assessor must adjust the assessed valuation of all real property located within the county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.



**Current Assessed Valuation.** The following table shows the total locally assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the District (excluding assessed valuation amounts attributable to state assessed railroad and utility property located within the District and the incremental increase in assessed valuation over the established assessed valuation base within TIF Districts (defined herein) located within the District) according to the assessment for calendar year 2016 for property owned as of January 1, 2016, as adjusted through December 31, 2016.

<u>Type of Property</u>	<u>Total Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>	<u>% of Actual Valuation</u>
<b>Real:</b>				
Residential	\$110,667,750	19.00%	\$ 582,461,842	57.5%
Agricultural	2,838,690	12.00%	23,655,750	2.3
Commercial <sup>(1)</sup>	<u>54,553,200</u>	32.00%	<u>170,478,750</u>	<u>16.8</u>
<b>Total Real</b>	\$168,059,640		\$ 776,596,342	76.6%
<b>Personal<sup>(1)</sup></b>	<u>\$ 78,861,039</u>	33.33% <sup>(2)</sup>	<u>\$ 236,583,354</u>	<u>23.4%</u>
<b>Total Real &amp; Personal</b>	<u>\$246,920,679</u>		<u>\$1,013,179,696</u>	100.00%

Source: New Madrid County Clerk and Scott County Clerk.

<sup>(1)</sup> Includes locally assessed railroad and utility property.

<sup>(2)</sup> Assumes all personal property is assessed at 33 1/3%; because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See “Assessment Procedure” discussed above.

**History of Property Valuations.** The total assessed valuation of all taxable tangible property situated in the District (excluding assessed valuation amounts attributable to state assessed railroad and utility property located within the District) according to the assessments of January 1, as adjusted through December 31, in each of the following years has been as follows:

<u>Fiscal Year ended June 30</u>	<u>Assessed Valuation</u>	<u>% Change</u>
2016	\$250,399,404	5.1%
2015	238,314,755	2.8
2014	231,821,596	4.0
2013	222,896,585	2.8
2012	216,765,861	N/A

Source: District’s 2011-2012 through 2015-2016 Annual Reports of the County Clerk to the State Board of Education.

## Property Tax Levies and Collections

**Generally.** Property taxes are levied and collected for the District by New Madrid County and Scott County, for which the respective County receives a collection fee of 1.5% of the gross tax collections made.

The District is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the District’s debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerks. As required under SB 711 (discussed below),

the District must informally project nonbinding tax levies for the year and return such projected tax levies to the County Clerks no later than April 8th. The District must fix its ad valorem property tax rates and certify them to the County Clerks no later than September 1st for entry in the tax books. Taxes are levied at the District's tax rate per \$100 of assessed valuation. The Missouri State Auditor is responsible for reviewing the rate of tax to insure that it does not exceed constitutional rate limits.

Real property within the District is assessed by the County Assessors. The County Assessors are responsible for preparing the tax rolls each year and for submitting tax rolls to the Board of Equalization of the County. The Board of Equalization has the authority to question and determine the proper value of property and then adjust and equalize individual properties appearing on the tax rolls. After local appeal procedures have been completed, the books are finalized and sent to the County Collectors. The County Collectors extend the taxes on the tax rolls and issue the tax statements in early December.

The County Collectors are required to make disbursements of collected taxes to the District each month. Because of the tax collection procedure described above, the District receives the bulk of its moneys from local property taxes in the months of December, January and February.

***District's Rights in Event of Tax Delinquency.*** Taxes are due by December 31<sup>st</sup> and become delinquent if not paid to the County Collectors by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of 18% of each year's delinquency. Taxes on real estate become delinquent on January 1 and the County Collectors are required to enforce the state's lien by offering the property for sale on the fourth Monday in August. If the offering does not produce a bid equal to the delinquent taxes plus interest, penalty, and costs, the property is offered for sale again the following year. If the second offering also does not produce a bid adequate to cover the amount due, the property is sold the following year to the highest bidder. Tax sales at the first or second offerings are subject to the owner's redemption rights. Delinquent personal property taxes constitute a debt of the person assessed with the taxes, and a personal judgment can be rendered for such taxes against the debtor. Personal property taxes become delinquent on January 1. Collection suits may be commenced on or after February 1 and must be commenced within three years

The County Collectors are required to make disbursements of collected taxes to the District each month. Because of the tax collection procedure described above, the District receives the bulk of its moneys from local property taxes in the months of December, January and February.

### **Tax Abatement and Tax Increment Financing**

Under States law, tax abatement is available for redevelopers of areas determined by the governing body of a city to be "blighted." The Land Clearance for Redevelopment Authority Law authorizes ten-year tax abatement pursuant to Sections 99.700 to 99.715, RSMo. In lieu of ten-year tax abatement, a redeveloper that is an urban redevelopment corporation formed pursuant to Chapter 353, RSMo, may seek real property tax abatement for a total period of 25 years. In addition, the Industrial Development Law, Chapter 100, RSMo, authorizes real and personal property tax abatement for corporations for projects for industrial development. Currently, there are tax abatement projects located within the District.

In addition, the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo, makes available tax increment financing for redevelopment projects in certain areas determined by the governing body of a city or county to be a "blighted area," "conservation area," or "economic development area," each as defined in such statute.

Currently, certain portions of the District are located in tax increment financing districts ("**TIF District**"). Tax increment financing does not diminish the amount of property tax revenues collected by the District in an affected area compared to prior to the establishment of a TIF District, but instead acts to freeze such revenues at current levels and deprives the District and other taxing districts of all or part of future increases in ad valorem real property tax revenues that otherwise would have resulted from increases in assessed valuation

in such areas (the “**TIF Increment**”). The TIF Increment is captured by the TIF District until the tax increment financing obligations issued are repaid or the tax increment financing period terminates.

According to the County Clerks of New Madrid and Scott Counties, the TIF Increment attributable to property within the District is \$5,328,890 for the 2016 tax year. See “**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT – Property Valuations – Current Assessed Valuation**” and “– *History of Property Valuations.*”

## **Tax Rates**

**Debt Service Levy.** The District’s debt service levy for the 2016-2017 fiscal year is \$0.2100 per \$100 of assessed valuation. Once indebtedness has been approved by the requisite number of voters voting therefor and bonds are issued, the District is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The Board of Education may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

**Operating Levy.** The operating tax levy of a school district (consisting of all ad valorem taxes levied except the debt service levy) cannot exceed the “**tax rate ceiling**” for the current year without voter approval. The tax rate ceiling, determined annually, is the rate of levy that, when charged against the district’s assessed valuation for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by the lesser of actual assessment growth, 5% or the Consumer Price Index. Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate (as adjusted pursuant to the provisions of the Hancock Amendment, more fully explained below).

Under Article X, Section 11(b) of the Missouri Constitution, a school district may increase its operating levy up to \$2.75 per \$100 assessed valuation without voter approval. Any increase above \$2.75, however, must be approved by a majority of the voters voting on the proposition. Further, pursuant to Article X, Section 11(c) of the Missouri Constitution, any increase above \$6.00 must be approved by two-thirds of the voters voting on the proposition. Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate (as adjusted pursuant to the provisions of the Hancock Amendment and SB 711, more fully explained below). The tax levy for debt service on a school district’s general obligation bonds is exempt from these limitations upon the tax rate ceiling.

Article X, Section 22(a) of the Missouri Constitution (popularly known as the “**Hancock Amendment**”), approved in 1980, places limitations on total state revenues and the levying or increasing of taxes without voter approval. The Missouri Supreme Court has interpreted the definition of “total state revenues” to exclude voter-approved tax increases. The Hancock Amendment also includes provisions for rolling back tax rates. If the assessed valuation of property, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the Consumer Price Index from the previous year (or 5%, if greater), the maximum authorized current levy must be reduced to yield the same gross revenue from existing property, adjusted for changes in the Consumer Price Index, as could have been collected at the existing authorized levy on the prior assessed value. This reduction is often referred to as a “**Hancock rollback**.” The limitation on local governmental units does not apply to taxes levied in the Debt Service Fund for the payment of principal and interest on general obligation bonds.

In 2008, through the enactment of Senate Bill 711 (“**SB 711**”), the Missouri General Assembly approved further limitations on the amount of property taxes that can be imposed by a local governmental unit. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of a district’s *actual* operating tax levy if its current tax levy was less than its current tax levy *ceiling*, due to the district’s voluntary rollback from the maximum authorized tax levy. Under SB 711, in reassessment years (odd-numbered years),

the Hancock rollback is applied to a district's *actual* operating tax levy, regardless of whether that levy is at the district's tax levy *ceiling*. This further reduction is sometimes referred to as an "**SB 711 rollback**." In non-reassessment years (even-numbered years), the operating levy may be increased to the district's tax levy ceiling (as adjusted by the Hancock rollback), only after a public hearing and adoption of a resolution or policy statement justifying the action.

Under the provisions of an initiative petition adopted by the voters of Missouri on November 2, 1982, commonly known as "**Proposition C**," revenues generated by a 1% state sales tax are credited to a special trust fund for school districts and are deemed to be "local" revenues for school district accounting purposes. Proposition C revenues are distributed to each school district within the state on the basis of eligible pupils. Under Proposition C, after determining its budget and the levy rate needed to produce required revenues to fund the budget, a school district must reduce the operating levy by an amount sufficient to decrease the revenues it would have received therefrom by an amount equal to 50% of the revenues received through Proposition C during the prior year. School districts may submit propositions to voters to forgo all or a part of the reduction in the operating levy that would otherwise be required under terms of Proposition C. The District's voters approved a proposition to forgo all of the reduction in the operating levy which would otherwise be required under terms of Proposition C which allows the District to levy up to its tax rate ceiling.

For fiscal year 2016-2017, the District's operating levy (all funds except the debt service fund levy) is \$3.6513 per \$100 of assessed valuation.

The tax levy for debt service on the District's general obligation bonds is exempt from the calculations of and limitations upon the tax rate ceiling.

### History of Tax Levies

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

<b>Fiscal Year Ended June 30</b>	<b>General Incidental Fund</b>	<b>Special Revenue Teachers' Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Levy</b>
2017	\$3.0313	\$0.6200	\$0.2100	\$0.0000	\$3.8613
2016	2.9745	0.6200	0.2100	0.0000	3.8042
2015	2.9825	0.6200	0.2100	0.0000	3.8125
2014	3.0110	0.6200	0.2100	0.0000	3.8410
2013	3.0125	0.6200	0.2100	0.0000	3.8425

*Source:* For the current fiscal year, the District; for fiscal years ended June 30, 2013-2016, the District's Annual Secretary of the Board Reports.

### Tax Collection Record

Total Taxes Levied are based on assessed valuation as of December 31 of each year. Taxes are levied based on the assessed valuation following Board of Equalization review, which typically occurs in August. As a result of resolution of tax cases, the addition of undeclared personal property and other changes in assessment following Board of Equalization review, tax bills may be changed following the original levy and some taxpayers may be obligated to pay additional taxes or pay less taxes. The following table sets forth tax collection information for the District in each of the following years:

<b>Fiscal Year Ended June 30</b>	<b>Total Levy (per \$100 of Assessed Value)</b>	<b>Assessed Valuation<sup>(1)</sup></b>	<b>Total Taxes Levied<sup>(2)</sup></b>	<b>Current Taxes Collected</b>		<b>Current and Delinquent Taxes Collected<sup>(3)</sup></b>	
				<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
2016	\$3.8042	\$250,399,404	\$9,525,694	\$8,088,892	84.92%	\$9,209,212	96.68%
2015	3.8125	238,314,755	9,085,750	8,053,039	88.63	9,114,143	100.31
2014	3.8410	231,821,596	8,904,268	7,874,751	88.44	9,084,295	102.02
2013	3.8425	222,896,585	8,564,801	7,681,685	89.69	8,627,056	100.73
2012	3.8200	216,765,861	8,280,456	7,406,390	89.44	8,280,788	100.00

Source: District's Annual Secretary of the Board Reports for fiscal years ended June 30, 2012 through 2016.

(1) Excludes assessed valuation attributable to TIF Districts located within the District. See the explanation under the caption "Tax Abatement and Tax Increment Financing."

(2) Total Taxes Levied is calculated by dividing Assessed Valuation by 100 and multiplying by the Total Levy.

(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%.

### Major Property Taxpayers

The following table sets forth a list of the largest property taxpayers in the District based on the valuation of property owned as of January 1, 2016, as adjusted through December 31, 2016. The District has not independently verified the accuracy or completeness of such information.

<b>Owner</b>	<b>Type of Use</b>	<b>Percentage of Total Assessed Valuation</b>	
		<b>Assessed Valuation</b>	<b>Assessed Valuation</b>
1. Unilever Manufacturing (US) Inc	Food Manufacturing	\$16,941,060	6.86%
2. Do it Best Corp	Warehousing/Distribution	3,203,230	1.28
3. DDS Hotels	Hospitality	2,434,620	0.97
4. Art Mortgage Borrower Prop Co 2010-5LLC	Commercial Real Estate	1,420,210	0.57
5. Lowe's Home Centers, Inc.	Retail Sales	1,407,010	0.56
6. Alan Wire Company	Electrical Wire/Cable	1,040,780	0.42
7. First National Bank of Sikeston	Finance	962,780	0.39
8. Mida Sikeston, LLC	Commercial	909,060	0.36
9. Plummer Centers LLC	Construction	790,220	0.32
10. JNS Holdings LLC	Commercial Real Estate	757,080	0.31
Total		<u>\$29,866,050</u>	<u>12.04%</u>

Source: New Madrid County Clerk's Office and Scott County Clerk's Office

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**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**SIKESTON R-6 SCHOOL DISTRICT**  
**Sikeston, Missouri**

June 30, 2016

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**Van de Ven, LLC**

**Certified Public Accountants & Advisors**

1020 North Kingshighway  
Suite D • P.O. Box 1090  
Cape Girardeau, MO 63702-1090  
Phone: (573) 335-1231  
Fax: (573) 339-0163  
[www.van-de-ven.com](http://www.van-de-ven.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Sikeston R-6 School District  
Sikeston, Missouri

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the internal service fund of Sikeston R-6 School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Sikeston R-6 School 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 modified cash basis of accounting described in Note 1 to the basic financial statements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the internal service fund of Sikeston R-6 School District, as of June 30, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sikeston R-6 School District's basic financial statements. The management's discussion and analysis on pages 4-12, budgetary comparison information 42-43, and pension schedules on pages 45-46, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the other information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sikeston R-6 School District basic financial statements. The supplementary information and statistical section, 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.

Schedules 7, 8, 9, and 10 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Schedules 5 and 6 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 by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016, on our consideration of Sikeston R-6 School 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 Sikeston R-6 School District's internal control over financial reporting and compliance. \

VAN DE VEN, LLC

*Van de Ven, LLC CPAs*

Cape Girardeau, Missouri  
December 13, 2016

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2016  
(Unaudited)

The following discussion and analysis of the Sikeston R-6 School District "District" has been prepared by the administration of the District to assist the reader in focusing on significant financial issues.

The District implemented the requirements of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis "MD&A" for State and Local governments, and related pronouncements for the fiscal year ended June 30, 2003. The 2015-2016 school year will be the 14<sup>th</sup> year presented in this format and the discussion that follows will include comparative information from the previous year to meet reporting requirements.

**Financial Highlights**

- In total, the District's net position increased by \$621,811 when compared to the net position in 2014-2015. This is a 3.9% change in net assets for the year. The increase in net assets is primarily due to the self-funded insurance account balance being up \$511,239 from the previous June 30<sup>th</sup>. In fiscal year 2015, we did not receive \$700,000 in collections from the District's re-insurance carrier for stop loss claims incurred prior to June 30<sup>th</sup>, 2015 leaving the account balance very low. The re-insurance checks were received after July 1, 2015 and credited in the current fiscal year, FY16. There was also a grant funding payments of \$944,000 received in FY16 for grant expenditures incurred in FY15. This crossover amount was offset in the bottom line by a partial early pay-off amount of \$824,000 in the debt service account which lowered that fund balance substantially. The general fund and capital projects fund showed slight increases.
- General revenues accounted for \$14,597,879 compared to \$13,209,770 in the previous year. The District's self-funded insurance account had a net increase of \$1,141,249. Charges for services, operating grants and contributions, and capital grants accounted for \$19,951,961 or 55.49% of total revenues equaling \$35,956,840. Contributions were up \$2,019,189 from the previous year.
- The District had \$35,335,029 reported in expenditures for the year compared to \$32,284,727 in the previous year. A total of \$19,951,961 in expenditures was offset by program specific charges for services, grants or contributions. Payments for the Energy Savings Project continued in FY16 with savings in utilities offsetting the payments. Expenditures associated with the refunding of the District's 2011 series general obligation bonds were offset by monies placed in an escrow account. The remaining expenditures were covered by general revenue and district reserves.

- Among major funds, the General Fund had \$13,931,844 in revenues and \$11,933,205 in actual expenditures. The General Fund increased \$82,875 during FY 16 from the previous year. No transfers were made in FY 16 to the Special (Teacher) Fund from the General Fund, but transfers were completed from the General Fund to the Capital Fund totaling \$1,915,764. Special (Teacher) Fund expenditures were zeroed out by actual revenue posting adjustments preventing the need for an end of year transfer. The Capital Fund transfers covered allowable costs for transportation, career and technical expenditures, local match portions of various grants, energy performance costs, and a guaranteed tax base transfer totaling \$1,400,000. The guaranteed tax base transfer covered allowable expenditures that occurred in FY16 and the remaining monies will be used for upcoming building needs. Unrestricted balances remained steady and these transfers were planned and completed without detriment to the operating balances of the District.
- The Special (Teacher) Fund had \$18,902,600 in both revenues and expenditures resulting in a zero balance. The Special (Teacher) Fund had revenues and expenditures of \$18,364,064 in 2014-2015. Expenditures for the Special (Teacher) Fund increased by \$538,536 when compared to the previous year. This increase was the result of raises given to staff members and the corresponding increase in benefits associated with the raises.
- The Debt Service Fund had \$1,996,176 in revenues compared to \$574,977 in 2014-2015. Expenditures for this fund totaled \$2,583,864 for the year. Revenues and expenditures for the account both increased due to transactions associated with the bond refunding in May 2016. The refunding resulted in a much lower interest rate, less than 1%, on the remaining principal outstanding on the debt. This fund decreased by \$587,688 due to a large additional principal payment made during the year totaling \$824,000. This early payoff will reduce future interest payments. Monies in this fund are restricted for debt purposes only.
- The Capital Projects Fund had \$614,979 in revenue and \$1,915,356 in expenditures. This compares to \$338,245 and \$1,985,527 in the previous year. The fund increased by \$615,387 due to the guaranteed tax base transfer to cover future building needs. In years where balances are good, it is imperative that General Fund transfers are made to maintain Capital Fund balances since there is no levy assigned to this fund.
- The unreserved fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totaled \$10,874,021 on June 30, 2016, or 35.26% of total school purposes (General Fund and Special Fund) expenditures. This compares to an unrestricted percentage of 36.03% in the prior year and 39.93% two years prior. A strong unrestricted balance was the basis for deciding to proceed with the General Fund transfer to the Capital Projects Fund.

### **Overview of the Financial Statements**

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

## **Government-Wide Financial Statements**

The government-wide financial statements include a Statement of Net Position and a Statement of Activities that are designed to provide consolidated financial information about the activities of the District as a whole and present a long-term view of the District's finances. The Statement of Net Position provides information about the government's financial position, assets, and liabilities. The difference between the assets and liabilities equals the net position of the District which is a measure of the District's health.

The Statement of Activities presents information about the change in the District's net assets as a result of operations during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

The District's policy is to prepare its financial statements on a modified cash basis of accounting. By adopting this method of accounting, revenues are recognized when received rather than earned and expenditures and purchases of assets are recognized when cash is disbursed rather than when obligated. The Statement of Net Position and the Statement of Activities include all significant assets and liabilities using the cash basis of accounting. In both the Statement of Net Position and the Statement of Activities, the District reports governmental activities which are the activities where most of the District's programs are reported. These activities include but are not limited to:

- Instruction/Administration
- Support Services
- Operation and Maintenance of Plant
- Pupil Transportation
- Food Services
- Community Services

The District does not have any business-like activities.

## **Fund Financial Statements**

The fund financial reports provide detailed information about the District's major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives or activities. The District uses fund accounting to ensure compliance with the finance-related legal requirements of the State. These statements focus on the District's most significant funds:

- Fund 1 – General (Incidental) Fund
- Fund 2 – Special Revenue (Teachers') Fund
- Fund 3 – Debt Service Fund
- Fund 4 – Capital Projects Fund

These four funds are governmental funds which focus on how money flows into and out of those funds and the balances left at year end which will be available for spending in the future periods.

The fund statements provide a detailed view of the District's general government operations as well as the basic services it provides. These statements provide information that can help in the decision making process for the future funding of educational programs.

The fund account statements also contain a reconciliation of any differences between the governmental activities and the governmental funds.

### **Analysis of Statement of Net Position**

The Statement of Net Position creates a financial portrait of the District as a whole. A review of the statement shows that the District's Net Position increased during 2015-2016. Total cash and equivalents were equal to \$16,440,111 compared to \$15,818,300 in the prior year.

The unrestricted portion of the District's net position can be used to finance day to day activities. The unrestricted balance as of June 30<sup>th</sup>, 2016 was \$15,286,155 compared to \$15,175,583 previously. A comparison of the District's net position for fiscal years 2016 and 2015 is listed in the table on the following page.



## Comparison of 2015 and 2016 Net Position

	Governmental Activities		Total % Change
<b>Revenues</b>	2015	2016	
<u>Program Revenues</u>			
Charges for Services	1,486,413	1,417,684	-4.62%
Operating Grants and Contributions	16,446,359	18,534,277	12.70%
General Revenues			
Property Taxes	9,114,144	9,209,214	1.04%
Other Taxes	1,251,227	1,279,162	2.23%
Intergovernmental - Unrestricted - Prop C	3,175,449	3,204,798	0.92%
Unrestricted Investments	78,084	108,843	39.39%
Health Insurance Net	-630,010	511,239	-181.15%
Other	220,876	284,623	28.86%
Bond Proceeds	0	0	0.00%
Premium on Bonds	0	0	0.00%
Bond Refunding Proceeds	0	1,407,000	0.00%
<b>Total Revenues</b>	31,142,542	35,956,840	15.46%
<b>Expenses</b>			
Instructional	18,668,193	19,623,897	5.12%
Student Services	1,615,596	1,721,453	6.55%
Instructional Staff Support	587,938	578,611	-1.59%
General Administration & Central Services	1,261,268	1,257,769	-0.28%
Building Administration	2,095,732	2,139,623	2.09%
Operation of Plant	3,235,827	3,401,053	5.11%
Security Services	85,603	91,238	6.58%
Transportation	1,107,688	1,215,613	9.74%
Food Services	1,662,158	1,547,783	-6.88%
Food Services - Title I	8,430	9,102	0.00%
Community Services	61,109	80,530	31.78%
Adult Basic Education	72,188	7,346	-89.82%
Adult Continuing Education	645,812	691,835	7.13%
Facilities Acquisition and Construction	634,872	200,620	-68.40%
Debt Services Principal	395,049	2,597,577	557.53%
Debt Services Interest	145,513	145,973	0.31%
Debt Services Fines, Fees, etc.	1,750	25,006	1328.91%
<b>Total Expenses</b>	32,284,726	35,335,029	9.45%
<b>Change in Net Assets</b>	-1,142,184	621,811	
<b>Beginning Net Assets</b>	16,960,484	15,818,300	
<b>Ending Net Assets</b>	15,818,300	16,440,111	

## **Analysis of Statement of Activities**

Revenues, exclusive of the Self-Funded Insurance Account, collected for the District increased by \$2,673,047, the equivalent of 8%. The prior year had a decrease of 3% due to FY15 grant monies crossing into FY16. Similarly FY15 revenue collections crossing into FY16 contributed to the 8% increase. The May 2016 bond refunding also contributed to the 8% increase. This process required that revenues be posted on the books to record the transaction; however, it should be noted that these monies were not actually collected but held in escrow on behalf of the District. Total revenues associated with the bond refunding equaled \$1,407,000. An additional \$944,000 was receipted for FY15 grant crossover funds and the majority of the current year monies were collected prior to June 30<sup>th</sup> resulting in an increase of operating grants and contributions. Both local and Proposition C sales tax collections were up for the year. The local levy was increased slightly based on State Auditor form calculations and the collection rate for both counties remained good. Proposition C sales tax revenue was up due to the State paying at a higher rate per student weighted average daily attendance. The self-funded insurance account did re-coup in FY16 due to the receipt of prior year stop loss payments. Other revenues, consisting of various revenue codes, were up in FY16 due to increased collections in scoreboard rentals, tuition from other districts, and the sale of surplus equipment.

Overall expenditures for the District decreased by \$3,050,303 or 9.45% when compared to fiscal year 2015. An analysis of the expenditure increase shows that expenditures in the debt service fund made up the majority of the total increase. Debt service expenditures included bond refunding transactions of \$1,407,000 recorded to principal, interest, and other fees plus there was a large portion, \$824,000, of the 2011 series paid off early during the year and recorded to principal. Salary and benefit costs were up, certified staff received year of service steps and a 5% across the board raise while support staff received a 15 cent minimum wage match in addition to year of service steps and a 2% across the board raise. Two buses were purchased in FY16 compared to one bus in FY15 which increased transportation costs. Special Education costs continued to rise in FY16. A few areas saw a decrease in expenditures. The Adult Education and Literacy Program closed in September 2015; therefore, only two months of expenditures were recorded, a decrease of \$64,000 when compared to the prior twelve months. Facilities and Construction were down primarily due to the fact that FY15 expenditures included the purchase of new scoreboards which totaled \$484,000. Food Service costs were also down due to a decrease in meal participation primarily at the high school level. This decrease in participation resulted in fewer meal charges from ARAMARK based on the District's "per meal" contract. The District continued with building upkeep, roofing schedules, and general maintenance. A large safety project was completed at the football stadium, all pole lighting was replaced based on engineer recommendations that the existing poles were leaning excessively and could not be repaired. Funding continued in FY16 for the District's Project iLearn one to one iPad program in grades 7-12.

Overall balances in the District increased in FY16. Financial statements show the net position of the District increasing by \$621,811 compared to a decrease of \$1,142,184 in fiscal year 2015. Unrestricted balances remain strong.

The format for the table analyzing the statement of activities has not changed for this fiscal year. Information in the chart clearly indicates that the majority of expenditures are comprised of instructional and administrative costs. The percentage of total expenditures for these two areas totaled 72% compared to 75% in the prior year. These two areas of expenditures are normally around 75%; the current year was down due to large Debt Service expenditures skewing the percentages. The remaining 28% in expenditures consisted of support services, operation of plant, food services, transportation, community services, technology, and debt services.

A review of revenues shows that the District remains dependent upon state monies and local tax dollars. State monies continued to be underfunded but local tax collections remained steady.

### **District Funds**

All funds are accounted for using a modified cash basis of accounting. All governmental funds had total revenues of \$35,956,840 (includes self-funded insurance net) and actual expenditures of \$35,335,029. The net increase in unrestricted fund balances for the year was \$110,574.

The District's sources of revenues are divided into the following areas:

Local	\$14,266,184
County	\$ 1,036,589
State	\$13,784,224
Federal	\$ 4,750,052
Other	\$ 1,608,550

The District's expenditures are divided into the following areas:

Salaries	\$18,604,260
Employee Benefits	\$ 5,401,998
Purchased Services	\$ 4,346,634
Supplies	\$ 2,482,913
Debt Service	\$ 2,768,553
Capital Outlay	\$ 1,730,668

### **Budgeting Highlights**

The required supplementary information section provides a comparison of the original budget, final budget and actual receipts and expenditures for the four funds.

District administration prepares a budget each year according to Missouri law. The budget is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The original budget was based on the best estimates of revenues and expenditures at the time of approval. The budget is a working document which is reviewed and may be amended several times throughout the year to reflect actual occurrences which affect both revenues and expenditures.

The General Fund budgeted revenues were increased by \$585,899 during the course of the year. The changes were made primarily to match grant allocations. During the course of the year, revenues were adjusted to match salary and benefit expenditures based on fund. Overall collections for this fund exceeded the budget by \$26,000, less than 1%.

General Fund budgeted expenditures were reduced by \$61,917 during the year. Actual expenditures in the fund were \$711,854 under budget or 6%.

Special (Teacher) Fund budgeted revenues were adjusted down by \$339,497 to match grant allocations and expenditures by fund. Collections were short of budget by \$54,273, less than 1%.

Special (Teacher) Fund budgeted expenditures increased by \$153,165 and actual expenditures fell short of the budget by \$54,273 or less than 1%.

The revenues budgeted for the Debt Services Fund were adjusted up by \$1,407,000 to reflect transactions required by the Missouri accounting manual to record the bond refunding approved by the Board of Education. Actual collections exceeded the budget by \$24,520, less than 1%.

The expenditures for the Debt Service Fund were increased by \$2,231,514 to reflect the early pay-off of a portion of the 2011 series and the bond refunding in May 2016. Actual expenditures were under budget by \$850.

Budgeted revenues for the Capital Projects Fund were increased by \$208,468 during the year with actual collections exceeding the budget by \$40,518 or 7%.

Budgeted expenditures for the Capital Projects Fund were increased by \$216,025 during FY16. Actual expenditures were \$197,417 below budget, the equivalent of 9%.

Total revenues budgeted for 2015-2016 equaled \$35,408,831. Actual collections came in over budget by \$36,769, less than 1%.

Total budgeted expenditures for FY16 were \$36,299,488 with actual totals falling \$964,393 below the budget, or 3%.

### **Capital Assets**

Summer work focused primarily building repairs, roofing replacement, and the high school stadium pole replacement and awning additions.

### **Debt Administration**

On June 30, 2016 the District had \$1,407,000 in general obligation bonds.

On June 30, 2016, the District's overall legal debt margin was equal to \$36,467,208 and the constitutional debt limit was equal to \$37,559,911.

### **Current Financial Issues and Concerns**

The financial condition of the Sikeston R-6 District remained sound for FY16. Ending balances increased from the prior year, a large portion of the District's debt was paid off early and the remaining debt was refinanced at a substantially lower interest rate for the remainder of the debt schedule.

Concerns for the current year mimic the past several years. Insurance claims continue to increase, the Affordable Care Act continues to impose fees on the District's claims paying account, and talk of large increases in premiums across the nation for the next calendar year threaten to reduce balances.

Declining enrollment continues and the state continues to underfund district's dependent on the formula. The closing of Noranda resulted in one of our neighboring school districts losing over three million dollars in tax collections, reminding us that the stability of tax collections are only as good as the local economy. November 2016 state and national elections resulted in both a change in governor and president which leaves many unanswered questions for public education.

Special Education costs continue to rise while funding levels remain flat presenting daily challenges to meet student needs. The need to attract top candidates for teaching positions mandate that we remain competitive in salary and benefit compensation packages. Buildings continue to age requiring increased maintenance and the need to replace older facilities. Administration is reaching out to the community through town hall meetings to discuss these needs and how to proceed. Administration will continue to address these responsibilities with careful planning, tight controls, conservative spending, and cautious revenue forecasting. It is the hope of the administration that community support will help us meet the challenges of these responsibilities and help us create a school environment that will ensure the success of our students.

In conclusion, administration will continue to practice sound fiscal management while continuing to provide a quality education to all students.

The purpose of this report is to provide our community with an overview of the District's finances and the District's accountability for monies received. If you have questions about this report or need additional financial information, contact Lori Boardman, Director of Business Services at 573-472-2581.

## BASIC FINANCIAL STATEMENTS

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

EXHIBIT A

STATEMENT OF NET POSITION – MODIFIED CASH BASIS

June 30, 2016

ASSETS:

Cash and Cash Equivalents	\$ 15,286,155
Restricted Cash and Cash Equivalents	<u>1,153,956</u>
TOTAL ASSETS	<u>\$ 16,440,111</u>

NET POSITION:

Restricted for:	
Self-Insurance	\$ 1,153,956
Unrestricted	<u>15,286,155</u>
TOTAL NET POSITION	<u><u>\$ 16,440,111</u></u>

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

EXHIBIT B

STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS

June 30, 2016

Functions/Programs	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES:</b>				
Instruction	\$ 19,623,897	\$ 694,234	\$ 16,885,584	\$ (2,044,079)
Student Services	1,721,453	-	-	(1,721,453)
Instructional Staff Support	578,611	-	-	(578,611)
General Administration & Central Services	1,257,769	-	-	(1,257,769)
Building Level Administration	2,139,623	-	-	(2,139,623)
Operation of Plant	3,401,053	-	-	(3,401,053)
Security Services	91,238	-	-	(91,238)
Pupil Transportation	1,215,613	-	225,275	(990,338)
Food Services	1,547,783	271,506	1,423,418	147,141
Food Service - Title I	9,102	-	-	(9,102)
Community Services	80,530	451,944	-	371,414
Adult Basic Education	7,346	-	-	(7,346)
Adult Continuing Education	691,835	-	-	(691,835)
Facilities Acquisition and Construction	200,620	-	-	(200,620)
Principal	2,597,577	-	-	(2,597,577)
Interest	145,970	-	-	(145,970)
Other (Fin. Fees, Etc.)	25,009	-	-	(25,009)
Total Governmental Activities	<u>\$ 35,335,029</u>	<u>\$ 1,417,684</u>	<u>\$ 18,534,277</u>	<u>\$ (15,383,068)</u>
<b>GENERAL CASH RECEIPTS:</b>				
Taxes:				
Property Taxes, Levied for General Purposes				\$ 7,200,144
Property Taxes, Levied for Special Revenue				1,500,770
Property Taxes, Levied for Debt Services				508,300
State Assessed Utilities				955,361
Other Taxes - Financial Institution Tax				70,635
Other Taxes - M&M Surtax				156,389
Other Taxes - In Lieu of Tax				15,549
Fines, Escheats, Etc.				81,228
Earnings on Investments				108,843
School District Trust Fund (Prop C)				3,204,798
Self-Insurance, Net				511,239
Other				284,623
Total General Cash Receipts				<u>\$ 14,597,879</u>
<b>OTHER FINANCING SOURCES:</b>				
Long-term Debt Issued				<u>\$ 1,407,000</u>
INCREASE IN NET POSITION				\$ 621,811
NET POSITION, July 1, 2015				<u>15,818,300</u>
NET POSITION, June 30, 2016				<u>\$ 16,440,111</u>

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



SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

EXHIBIT C

BALANCE SHEET – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS

June 30, 2016

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Total Governmental Funds
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 10,874,021	\$ -	\$ 314,117	\$ 4,098,017	\$ 15,286,155
TOTAL ASSETS	<u>\$ 10,874,021</u>	<u>\$ -</u>	<u>\$ 314,117</u>	<u>\$ 4,098,017</u>	<u>\$ 15,286,155</u>
<u>FUND BALANCES</u>					
Assigned	\$ 310,010	\$ -	\$ 314,117	\$ 4,098,017	\$ 4,722,144
Unassigned	10,564,011	-	-	-	10,564,011
TOTAL FUND BALANCES	<u>\$ 10,874,021</u>	<u>\$ -</u>	<u>\$ 314,117</u>	<u>\$ 4,098,017</u>	<u>\$ 15,286,155</u>

Amounts reported for Governmental assets in the Statement of Net Position (Exhibit A) are different because:

Internal service funds are used by the District to charge the cost of health insurance to individual funds. The net position of the internal service fund is included in Governmental assets in the Statement of Net Position.

1,153,956

Net Position of the District

\$ 16,440,111

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikest, Missouri

EXHIBIT D

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCES – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS

For the Year Ended June 30, 2016

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Total Governmental Funds
<b>RECEIPTS:</b>					
Local	\$ 8,721,817	\$ 4,709,269	\$ 513,197	\$ 321,901	\$ 14,266,184
County	727,688	232,921	75,980	-	1,036,589
State	1,730,724	11,950,632	-	102,868	13,784,224
Federal	2,644,834	1,936,278	-	168,941	4,750,053
Other	106,781	73,500	-	21,270	201,551
<b>TOTAL RECEIPTS</b>	<b>\$ 13,931,844</b>	<b>\$ 18,902,600</b>	<b>\$ 589,177</b>	<b>\$ 614,980</b>	<b>\$ 34,038,601</b>
<b>DISBURSEMENTS:</b>					
Instruction	\$ 3,637,207	\$ 15,338,415	\$ -	\$ 648,275	\$ 19,623,897
Student Services	666,551	1,051,274	-	3,628	1,721,453
Instructional Staff Support	197,137	381,474	-	-	578,611
General Administration & Central Services	776,938	479,484	-	1,347	1,257,769
Building Level Administration	544,957	1,594,666	-	-	2,139,623
Operation of Plant	2,697,556	-	-	703,497	3,401,053
Security Services	91,238	-	-	-	91,238
Pupil Transportation	1,091,613	-	-	124,000	1,215,613
Food Services	1,514,518	-	-	33,265	1,547,783
Food Service - Title I	9,102	-	-	-	9,102
Adult Basic Education	7,346	-	-	-	7,346
Adult Continuing Education	675,799	-	-	16,036	691,835
Community Services	23,243	57,287	-	-	80,530
Facilities Acquisition and Construction	-	-	-	200,620	200,620
Interest	-	-	89,858	56,112	145,970
Principal	-	-	2,470,000	127,577	2,597,577
Other (Fin. Fees, Etc.)	-	-	24,009	1,000	25,009
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 11,933,205</b>	<b>\$ 18,902,600</b>	<b>\$ 2,583,867</b>	<b>\$ 1,915,357</b>	<b>\$ 35,335,029</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>\$ 1,998,639</b>	<b>\$ -</b>	<b>\$ (1,994,690)</b>	<b>\$ (1,300,377)</b>	<b>\$ (1,296,428)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Long-Term Debt Issued	\$ -	\$ -	\$ 1,407,000	\$ -	\$ 1,407,000
Transfers - Internal Activity	(1,915,764)	-	-	1,915,764	-
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>\$ (1,915,764)</b>	<b>\$ -</b>	<b>\$ 1,407,000</b>	<b>\$ 1,915,764</b>	<b>\$ 1,407,000</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)</b>	<b>\$ 82,875</b>	<b>\$ -</b>	<b>\$ (587,690)</b>	<b>\$ 615,387</b>	<b>\$ 110,572</b>
<b>FUND BALANCES, July 1, 2015</b>	<b>\$ 10,791,146</b>	<b>\$ -</b>	<b>\$ 901,807</b>	<b>\$ 3,482,630</b>	<b>\$ 15,175,583</b>
<b>FUND BALANCES, June 30, 2016</b>	<b>\$ 10,874,021</b>	<b>\$ -</b>	<b>\$ 314,117</b>	<b>\$ 4,098,017</b>	<b>\$ 15,286,155</b>
<b>Net Change in Fund Balances - Governmental Funds:</b>					<b>\$ 110,572</b>
Amount reported for Governmental activities in the Statement of Activities (Exhibit B) are different because:					
Internal service funds are used by the District to charge the cost of health insurance to individual funds. The net increase in net position of the internal service fund is reported with District activities.					511,239
Increase in Net Position of the Governmental Activities					<u>\$ 621,811</u>

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

EXHIBIT E

STATEMENT OF NET POSITION – MODIFIED CASH BASIS – INTERNAL SERVICE FUND

June 30, 2016

	Self- Insurance
<u>ASSETS:</u>	
Restricted Cash and Cash Equivalents	<u>\$ 1,153,956</u>
<u>NET POSITION:</u>	
Restricted for:	
Self-Insurance (Expendable)	<u><u>\$ 1,153,956</u></u>

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

EXHIBIT F

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN NET POSITION – MODIFIED CASH BASIS – INTERNAL SERVICE FUND

For the Year Ended June 30, 2016

	Self- Insurance
<u>OPERATING RECEIPTS:</u>	
Charges for Services	\$ 3,483,039
Total Operating Receipts	<u>\$ 3,483,039</u>
<u>OPERATING DISBURSEMENTS:</u>	
Insurance Premiums	\$ 262,432
Claims Paid (Net of Reinsurance Recoveries of \$955,429)	2,399,078
General and Administrative Disbursements	230,605
Total Operating Disbursements	<u>\$ 2,892,115</u>
OPERATING INCOME	<u>\$ 590,924</u>
<u>NON-OPERATING RECEIPTS (DISBURSEMENTS):</u>	
Interest Income	\$ 4,222
Miscellaneous Expense	(83,907)
Total Non-Operating Receipts (Disbursements)	<u>\$ (79,685)</u>
INCREASE IN NET POSITION	\$ 511,239
NET POSITION, July 1, 2015	<u>642,717</u>
NET POSITION, June 30, 2016	<u>\$ 1,153,956</u>

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Sikeston R-6 School District (the District) was established under the statutes of the state of Missouri. The District operates as a “six director” district (with seven members of the Board of Education) as described in RSMo. Chapter 162.

A. Principles Used to Determine Scope of Entity

The District's reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying criteria set forth in GAAP. The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the District's reporting entity.

Excluded from the reporting entity:

The Sikeston Public Schools Foundation provides college scholarships and fund activities in music and the arts for students of Sikeston R-6 School District. The board of the Foundation is appointed by the Sikeston R-6 School District's board, and two members serve concurrently. The Foundation is excluded from the financial reporting entity because the District's accountability does not extend beyond appointments.

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

B. Basis of Presentation - Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements are designed to provide readers with a broad overview of the District's finances. These statements are presented on an "economic resources" measurement focus and the modified cash basis of accounting.

The statement of net position presents information on all of the District's assets and liabilities with the difference between the two presented as net position. Because the District's statement of net position is presented on the modified cash basis of accounting, net position is presented as one of two categories: restricted or unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted.

The statement of activities reports the disbursements of a given function offset by program receipts directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the disbursements and program receipts associated with a district functional activity. Program receipts include charges for services which report fees, fines and forfeitures, and other charges to users of the District's services; and operating grants and contributions which finance annual operating activities. These receipts are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program receipts are reported as general revenues.

C. Fund Financial Statements

The District's fund financial statements are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, receipts and disbursements. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the two categories.

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

The funds of the District are described below:

Governmental Funds

Government funds are those through which most government functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major funds:

*General Fund* - The General Fund is the primary operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

*Teachers' Fund* - The Teachers' Fund is required to be established by state law and may be used for the payment of salaries and insurance benefits for certificated personnel. The fund's receipts include property taxes, investment income, and county, state, and federal aid. The fund is also used to account for certain tuition payments made between school districts.

*Debt Service Fund* - The Debt Service Fund accounts for the accumulation of resources for, and the payment of principal, interest and fiscal changes in long-term debt.

*Capital Projects Fund* - The Capital Projects Fund accounts for disbursements from the proceeds of bond issues, investment income earned on the proceeds and other revenues designated for acquisition or construction of major capital assets. The disbursements include major capital outlay projects and equipment purchases for instructional and support programs.

Proprietary Funds

Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as either enterprise or internal service.

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

Operating receipts in proprietary funds are those receipts that are generated from the primary operations of the fund. All other receipts are reported as non-operating receipts. Operating disbursements are those disbursements that are essential to the primary operations of the fund. All other disbursements are reported as non-operating disbursements.

*Enterprise Fund* – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. The District has no enterprise funds.

*Internal Service Fund* – Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost-reimbursement basis and are presented in summary form at the government-wide level. A fund was established to account for the District's self-funded health insurance program. The premiums received by the internal service fund are transferred from other funds as an expense related to personal service. Claims paid, direct insurance payments, and administrative costs are expenses of this fund.

D. Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

*Nonspendable*– The portion of fund balance that cannot be spent either because it is not in a spendable form or because it is legally or contractually required to remain intact. The District has no nonspendable fund balances.

*Restricted* – The portion of fund balance that has been set aside for a specific purpose by external parties, constitutional provisions, or enabling legislation.

*Committed* – The portion of fund balance that has been set aside for a specific purpose by the Board of Education, the District's highest level of decision making authority. Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds. The District has no committed fund balances.



SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

*Assigned* – The portion of fund balance that is intended to be used for a specific purpose. The intent to use a portion of the fund balance for a specific purpose may be expressed by either the school board or an official authorized by the school board. Assigned funds cannot cause a deficit in unassigned fund balance.

*Unassigned* – The portion of the general fund balance that consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The details of the fund balances are included in the Balance Sheet – Modified Cash Basis – Governmental Funds (Exhibit C). Restricted fund balances are used first, as appropriate, followed by assigned resources, as appropriate opportunities arise. Assigned fund balances are reduced to the extent that disbursement authority has been budgeted or the assignment has been changed by the Board of Education. Decreases to fund balances first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Restricted Fund Balances are used in that order.

The District developed and adopted Policy 3114 which provides for an Undesignated General Fund Balance Policy, under which it is the District's policy to:

- Strive to maintain a minimum undesignated balance between 12% and 20% of its prior year operating expenditures,
- Utilize the undesignated fund balance to provide the resources required to meet operating needs, to allow for unforeseen needs of an emergency nature and to permit orderly adjustment to changes resulting from fluctuations of revenue sources,
- Estimate the surplus or deficit for the current year and prepare a projection of the year-end undesignated fund balance. Such projection will be prepared by the Superintendent and will include an analysis of trends in fund balance levels on an historical and future projection basis. Any anticipated balance in excess of the minimum undesignated general fund balance may be budgeted at the discretion of the Board of Education.
- Develop a plan to replenish the undesignated fund balance to the established minimum level within two years if the fund balance declines below the 12% floor.

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

General Fund

The General Fund has an Unassigned Fund Balance of \$10,564,011 and an Assigned Fund Balance consisting of student activity balances of \$310,010 at June 30, 2016.

Other Major Funds

The Teachers' Fund has a Fund Balance of \$0 at June 30, 2016.

The Debt Service Fund has an Assigned Fund Balance of \$314,117 at June 30, 2016.

The Capital Projects Fund has an Assigned Fund Balance of \$4,098,017 at June 30, 2016.

E. Basis of Accounting

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has no business-type activities or enterprise funds.

The effect of interfund activity has been eliminated from the government-wide financial statements.

F. Equity Classification

Equity reported in the Government Wide Statement of Net Position is classified as net position and displayed in three components:

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

*Invested in capital assets, net of related debt* – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any associated debt. Because the District operates on the modified cash basis of accounting, there is no equity of this type reported.

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

*Unrestricted net position* - consists of all other net position that does not meet the definition of *restricted* or *invested in capital assets, net of related debt*. The District applies restricted net position when a disbursement is incurred for purposes for which both restricted and unrestricted net positions are available.

G. Interfund Activity

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

H. Cash and Certificates of Deposit

For the purpose of financial reporting, Cash and Restricted Cash include all demand deposits of the District and Certificates of Deposit include all time deposits of the District with an original maturity greater than three months. The District pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. Interest earned is allocated to contributing funds based on the amount each fund invests.

I. Use of Estimates

The preparation of financial statements in conformity with another comprehensive basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

J. Teachers' Salaries

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

K. Post-Employment Benefits

In addition to the pension benefits described in Note 5, the District provides post-retirement health care benefits to all employees who retire from the District. The premium is paid by the retiree each month at the retiree's discretion for the subsequent month's coverage. There is no associated cost to the District under this program.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The premium is paid by the insured either monthly or quarterly at the insured's discretion for the next period's coverage. This program is offered for 18 month duration after the termination date. There is no associated cost to the District under this program.

2. DEPOSITS AND INVESTMENTS:

The District maintains a cash and temporary investment pool of the monies of its various funds, except for the Internal Service Fund which is maintained separately. Each fund's portion of this pool is displayed on the Balance Sheet – Modified Cash Basis – District Funds as “Cash and Cash Equivalents” or “Restricted Cash and Cash Equivalents” under each fund's caption. Interest earned is allocated to contributing funds based on the amount each fund contributed.

The State of Missouri limits investments by School Districts to the kind and character set forth in the Revised Missouri Statutes. Deposits include all funds held in checking accounts and money market accounts. Deposits are stated at cost which approximates market value.

Missouri statutes require that depository institutions must collateralize all funds on deposit in financial institutions with appropriate securities to the extent not covered by Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Missouri statutes, for the collateralization of state funds and held by either the district or a financial institution other than the depository bank.

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

2. DEPOSITS AND INVESTMENTS - Continued:

All cash is deposited with a local financial institution and is either insured by federal depository insurance or collateralized by securities pledged by the District's agent in the District's name.

Deposits - At June 30, 2016 the District's deposits were entirely covered by federal depository insurance (FDIC) or by collateral held by the District's safekeeping bank's agent in the District's name. The carrying amount of the District's deposits was \$ 16,123,358 and the bank balance was \$17,952,392. Of the bank balances, \$255,650 was covered by federal depository insurance and \$17,696,742 was covered by a bank letter of credit issued to the District. The District's letter of credit totaled \$22,500,000 as of June 30, 2016.

The Sikeston R-6 School District also participates in the Missouri Securities Investment Program (MOSIP). All funds in MOSIP are invested in accordance with Section 165.051 of the Missouri Revised Statutes. Each school district owns a pro rata share of each investment or deposit which is held in the name of the fund. The fund has characteristics of a mutual fund and is, therefore, not reported by risk category in accordance with Governmental Accounting Standards Board Statement #3.

If certificates of deposit or other fixed term investments are purchased by the district through the fund's administrator, they are purchased in the name of the participant.

The deposits are as follows:

	Account Balance	Market Value
Missouri School District Direct Deposit Program	\$ 105,960	\$ 105,960

The District does not currently have a deposit and investment policy that limits the allowable deposits or investments and addresses the specific types of risk to which the District is exposed.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a depository bank failure, the district will not be able to recover its deposits or recover collateral securities that are in an outside party's possession. The District does not have a deposit policy for custodial credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

2. DEPOSITS AND INVESTMENTS - Continued:

The District is not exposed to interest rate risk because all certificates of deposit are short term and approximate fair value. The District has not formally adopted a deposit and investment policy regarding interest rate risk.

Concentration of Credit Risk – The District’s excess cash is invested in money market accounts which are short term and approximate fair value. Concentration of credit risk is not a risk factor and the District has not adopted a policy regarding this risk.

3. RESTRICTED CASH:

Certain resources are set aside for capital projects and debt services and are classified as restricted on the Statement of Net Position – Modified Cash Basis because the use of these resources is limited by statutory provisions.

As of June 30, 2016 the District did not have any restricted cash balances for the Capital Projects or Debt Service Funds.

The balance of \$1,153,956 in the Internal Service Fund is considered restricted cash for self-insurance.

4. TAXES:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property taxes and remits them to the District on a monthly basis.

The District also receives sales tax collected by the state and remitted based on eligible pupils.

The assessed valuation of the tangible taxable property for the calendar years 2015 and 2014 for purposes of local taxation was:

	<u>2015</u>	<u>2014</u>
Real Estate:		
Residential	\$ 109,265,020	\$ 108,275,460
Agricultural	2,833,410	2,723,700
Commercial	56,049,590	55,824,530
Personal	82,251,384	71,491,065
Total	<u>\$ 250,399,404</u>	<u>\$ 238,314,755</u>

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

4. TAXES - Continued:

The tax levy per \$100 of the assessed valuation of tangible taxable property for fiscal years 2015-2016 and 2014-2015 for purposes of local taxation was:

	2015-2016		2013-2014	
	<u>Unadjusted</u>	<u>Adjusted</u>	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 2.9742	\$ 2.9742	\$ 2.9825	\$ 2.9825
Special Revenue	0.6200	0.6200	0.6200	0.6200
Debt Service	0.2100	0.2100	0.2100	0.2100
Total	<u>\$ 3.8042</u>	<u>\$ 3.8042</u>	<u>\$ 3.8125</u>	<u>\$ 3.8125</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2016, aggregated 96.68% of the current assessment computed on the basis of the levy as shown above.

5. RETIREMENT PLAN:

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

**Summary of Significant Accounting Policies**

Financial reporting information pertaining to the District's participation in the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri (PSRS and PEERS, also referred to as the Systems) is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* as applicable to the District's modified cash basis of accounting.

The financial statements were prepared using the modified cash basis of accounting. Therefore, member and employer contributions are recognized when paid and the District's net pension liability, deferred outflows and inflows of resources related to pensions are not recorded in these financial statements. A Comprehensive Annual Financial Report ("CAFR") can be obtained at [www.psrs-peers.org](http://www.psrs-peers.org).

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

5. RETIREMENT PLAN - Continued:

**General Information about the Pension Plan**

*Plan Description.* PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of 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.

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

*Benefits Provided.* 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 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.



SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

5. RETIREMENT PLAN - Continued:

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.

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

Summary Plan Descriptions detailing the provisions of the plans can be found on System's website at [www.psrs-peers.org](http://www.psrs-peers.org).

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

*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.

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

5. RETIREMENT PLAN - Continued:

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

The District's contributions to PSRS and PEERS were \$2,259,917 and \$301,703, respectively, for the year ended June 30, 2016.

**Pension Liability, Pension Expenses**

At June 30, 2016, the District had a liability of \$19,870,185 for its proportionate share of PSRS' net pension liability and \$1,551,282 for its proportionate share of PEERS' net pension liability. In total the District had net pension liabilities of \$21,421,466. The net pension liability for the plans in total was measured as of June 30, 2015, and determined by an actuarial valuation as of the date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$2,259,917 and \$301,731, respectively, for the year ended June 30, 2015, relative to the actual contributions of \$656,578,122 for PSRS and \$102,864,099 for PEERS from all participating employers. At June 30, 2015, the District's proportionate share was 0.3442% for PSRS and 0.2933% for PEERS.

***Actuarial Assumptions***

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

5. RETIREMENT PLAN - Continued:

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

- Measurement Date	June 30, 2015	
- Valuation Date	June 30, 2015	
- Expected Return on Investments	8.00%, net of investment expenses and including 2.5% inflation	
- Inflation	2.50%	
- Total Payroll Growth	PSRS	3.50% per annum, consisting of 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
	PEERS	3.75% per annum, consisting of 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Future Salary Increases	PSRS	4.00% - 10.00%, depending on service and including 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.00% to 7.00%.
	PEERS	5.00% - 12.00%, depending on service and including 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.75% to 8.75%.
- Cost of Living Increases	PSRS	2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase.
	PEERS	2.0% compounded annually, beginning on the fourth January after retirement and capped at 80% lifetime increase.
- Mortality Assumption		
Actives:		
	PSRS	RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
	PEERS	RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
Non-Disabled Retirees, Beneficiaries and Survivors:		
	PSRS	RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
	PEERS	RP 2000 Mortality Table set forward one year for males and no set back/forward for females, then projected to 2016 using Scale AA
Disabled Retirees:	RP 2000 Disabled Mortality Table	

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

5. RETIREMENT PLAN - Continued:

- Changes in Actuarial Assumptions and Methods      There were no changes in actuarial assumptions or methods for the June 30, 2015 valuation.
- Fiduciary Net Position      The Systems issues a publicly available financial report that can be obtained at [www.psr-peers.org](http://www.psr-peers.org)
- Expected Rate of Return      The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2015 is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis	Weighted Long-term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.00%	5.85%	1.58%
Public Credit	12.00%	2.44%	0.29%
Hedged Assets	6.00%	5.22%	0.31%
Non-U.S. Public Equity	15.00%	6.64%	1.00%
U.S. Treasuries	16.00%	1.01%	0.16%
U.S. TIPS	4.00%	1.12%	0.04%
Private Credit	2.00%	7.61%	0.15%
Private Equity	10.50%	8.61%	0.90%
Private Real Estate	7.50%	4.60%	0.35%
Total	100.00%		4.78%
		Inflation	2.50%
		Long-term arithmetical nominal return	7.28%
		Effect of covariance matrix	0.81%
		Long-term expected geometric return	8.09%

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

5. RETIREMENT PLAN - Continued:

- Discount Rate

The discount rate used to measure the total pension liability was 8.00% as of June, 30, 2015, and is consistent with the long-term expected geometric return on the Systems' investments. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

- Discount Rate Sensitivity

The sensitivity of the District's net pension liability to changes in the discount rate is presented below. The District's net pension liability calculated using the discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.0% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

	Discount Rate	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
PSRS	Proportionate share of the Net Pension Liability/(Asset)	\$ 36,544,884	\$ 19,870,185	\$ 5,865,296
PEERS	Proportionate share of the Net Pension Liability/(Asset)	\$ 3,131,782	\$ 1,551,282	\$ 2,151,053

6. LONG-TERM DEBT:

A. The following is a summary of changes in bonds payable for the year ended June 30, 2016:

Bonds Payable, July 1, 2015	\$ 2,470,000
Plus: Additions	1,407,000
Less: Principal Payments	(2,470,000)
Bonds Payable, June 30, 2016	<u>\$ 1,407,000</u>

The total interest incurred and expensed for the year ended June 30, 2016 was \$89,858.

B. Bonds Payable at June 30, 2016, consists of:

General Obligation Refunding Bonds, Issued May 24, 2016, Due in Varying Annual Installments through March 1, 2021; Interest at .99%	<u>\$ 1,407,000</u>
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SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

6. LONG-TERM DEBT - Continued:

Debt service requirements to maturity are:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 278,000	\$ 10,718	\$ 288,718
2018	278,000	11,177	289,177
2019	281,000	8,424	289,424
2020	284,000	5,643	289,643
2021	286,000	2,832	288,832
Total	<u>\$ 1,407,000</u>	<u>\$ 38,794</u>	<u>\$ 1,445,794</u>

The bonds are liquidated by the Debt Service Fund.

C. General Obligation Bond Limits

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

Assessed Valuation		\$ 250,399,404
General Obligation Bonds Payable	\$ 1,407,000	
Amount Available in Debt Service Fund	<u>(314,117)</u>	
Total Direct Debt		<u>\$ 1,092,883</u>
Direct Debt to Assessed Valuation		<u>0.44%</u>

D. DNR Loan – ARRA

On January 10, 2012, the School District was approved for an Energize Missouri Schools and Local Governments Loan to finance their energy-efficiency project through the State of Missouri Department of Natural Resources. The proceeds of the loan of \$1,351,100 were used to implement energy conservation measures as approved by Missouri Department of Natural Resources. The loan is a 10-year loan with a 2% interest rate.

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

6. LONG-TERM DEBT - Continued:

The following is a summary of changes in loans payable for the year ended June 30, 2016:

Loan Payable, July 1, 2015	\$ 1,093,375
Plus: Additions	-
Less: Principal Payments	<u>127,577</u>
Loan Payable, June 30, 2016	<u><u>\$ 965,798</u></u>

The total interest incurred and expensed for the year ended June 30, 2016 was \$21,229.

E. Loans Payable at June 30, 2016, consists of:

Loan Due in Varying Annual Installments through February 1, 2023; Interest at 2.00%.	<u><u>\$ 965,798</u></u>
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The following is a schedule of the future loan payment requirements to maturity:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 130,141	\$ 18,665	\$ 148,806
2018	132,757	16,049	148,806
2019	135,425	13,381	148,806
2020	138,147	10,659	148,806
2021	140,924	7,882	148,806
2022 thru 2023	<u>288,404</u>	<u>7,210</u>	<u>295,614</u>
Total	<u><u>\$ 965,798</u></u>	<u><u>\$ 73,846</u></u>	<u><u>\$ 1,039,644</u></u>

The loan is liquidated by the General Fund.

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

6. LONG-TERM DEBT - Continued:

F. Lease Participation Certificates

The School District entered into a lease, dated January 1, 2012, with the Association of School Business Officials of the State of Missouri, Inc., a Missouri nonprofit corporation commonly referred to as the Missouri Association of School Business Officials (“MoASBO”), as lessor. The Series 2012 Certificates were delivered pursuant to a Trust Indenture dated as of January 1, 2012 (the “Indenture”), between MoASBO and The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri (the Trustee), for the purposes of providing funds to (1) renovate and equip District buildings for energy conservation purposes, and (2) pay costs related to the delivery of the Series 2012 Certificates. An approximately 11.75-acre tract of real property upon which the District’s existing 7<sup>th</sup> and 8<sup>th</sup> Grade Center is situated and all additions, modifications, improvements, replacements and substitutions made thereon and thereto, are collectively referred to as the Facilities. A portion of the Project will occur on the Project site and the remaining portion will occur on other property owned by the District.

G. The following is a summary of changes in the lease payable for the year ended June 30, 2016:

Lease Payable, July 1, 2015	\$ 1,500,000
Plus: Additions	-
Less: Principal Payments	200,000
Lease Payable, June 30, 2016	<u>\$ 1,300,000</u>

The total interest incurred and expensed for the year ended June 30, 2016 was \$38,156.

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 205,000	\$ 34,156	\$ 239,156
2018	205,000	30,056	235,056
2019	215,000	23,906	238,906
2020	220,000	17,456	237,456
2021	225,000	12,231	237,231
2022	230,000	6,325	236,325
Total	<u>\$ 1,300,000</u>	<u>\$ 124,130</u>	<u>\$ 1,424,130</u>

The lease is liquidated by the Capital Projects Fund.



SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

7. PARTICIPATION IN PUBLIC ENTITY RISK POOL - (MUSIC):

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member with approximately 473 other Missouri Public School Districts in the Missouri School Insurance Council (MUSIC). MUSIC is a public entity risk pool currently operating as a common risk management and insurance program. The District does not pay premiums to purchase insurance policies but pays an assessment to be a member of the self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole.

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

8. SELF-INSURANCE PLAN:

The District maintains a self-funded health insurance program with claims processed by Health Scope on behalf of the District. A separate Insurance Fund (an internal service fund) was created to account for and finance the health insurance program. The District pays 80% of the premium for each eligible employee. The employee pays the remainder by payroll withholding. Additional coverage is available for various family members of the employees. Retirees are allowed to participate at rates determined by the insurance company. As an integral part of the health insurance program, a reinsurance policy has been purchased covering claims in excess of \$150,000 per individual per year.

At the beginning of each policy year, estimated minimum premium amounts and cumulative maximum claim liability amounts are calculated to arrive at the total annual insurance cost. This total is also the maximum premium and claim liability which can be billed to the District during the year. Total contributions and transfers to the program during 2016 were \$3,483,039.

9. OPERATING LEASE:

The District leases office space from Missouri Delta Medical Center for its LPN Nursing School. The lease is an operating lease which expires June 30, 2023. The District may also rent property, equipment and transportation equipment on an as needed basis.

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

9. OPERATING LEASE - Continued:

Minimum future rental payments under the non-cancellable operating lease having a remaining term in excess of one year as of June 30, 2016 are:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$ 14,400
2018	14,400
2019	14,400
2020	14,400
2021	14,400
2022	14,400
Total	<u><u>\$ 86,400</u></u>

Total rent expense under the non-cancellable operating lease for the year ended June 30, 2016 was \$14,400.

10. TRANSFERS:

Interfund transfers for the year ended June 30, 2016:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Type</u>
General Fund	Capital Projects Fund	\$ 96,958	Transportation Calc Cost
General Fund	Capital Projects Fund	20,308	Area Career Center
General Fund	Capital Projects Fund	14,809	Grant Match
General Fund	Capital Projects Fund	148,806	DNR Energy Conservation Loans
General Fund	Capital Projects Fund	1,400,000	\$162,326 or 7% x SAT x WADA
General Fund	Capital Projects Fund	234,883	Guaranteed Energy Performance Savings Contract
		<u><u>\$ 1,915,764</u></u>	

11. COMPENSATED ABSENCES:

Vacation time and sick leave are considered as expenditures in the year paid. Certified employees accrue 9 sick and 2 personal days per year and accumulate a maximum of 95 sick days and 4 personal days. Support staff employees who are employed 12 months per year accrue 9 sick days per year and accumulate a maximum of 45 days. Support staff employees who are employed only during the regular school term accrue 7 sick days per year and accumulate a maximum of 35 days. Support staff employees are allowed two personal days per year.

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

11. COMPENSATED ABSENCES - Continued:

Unused personal days do not accumulate and are deducted from the employee's accrued sick leave. Accumulated unused sick days are paid at retirement at the rate of \$15 per day. Employees terminated for reasons other than retirement are not paid for unused sick leave. The total number of accumulated unused sick leave days for all employees is 12,308.

Administrators and other certificated personnel employed on a 12-month basis will receive 10 days of vacation per year after the completion of one year of employment. Support staff employees who are employed on an 11 to 12-month basis earn paid vacation time. After the first year of continuous employment, they earn 5 days of vacation. After two years, they are entitled to 10 days of paid vacation per year. Employees who terminate employment prior to working 12 consecutive months, or who are hired on a temporary basis, will not earn vacation pay. After one year of continuous employment, employees who terminate will receive payment for earned vacation days. The total number of accumulated unused vacation days for all employees is 704. Effective July 1, 2012, administrators employed on a 12-month basis will receive 15 days of vacation annually beginning the sixth year of administrative service.

12. CONTINGENT LIABILITIES:

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

Pending Litigation - The District is a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. The District, based on consultation with its legal counsel, believes that the ultimate settlement of these claims will not exceed its insurance coverage, which totals \$2.5 million in primary coverage with a \$15 million umbrella policy. The outcome of the claims cannot be determined at this time.

## OTHER INFORMATION

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 1

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - GENERAL FUND**

For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>RECEIPTS:</b>				
Local	\$ 8,742,823	\$ 8,999,153	\$ 8,721,817	\$ (277,336)
County	703,638	703,638	727,688	24,050
State	1,890,972	1,995,290	1,730,724	(264,566)
Federal	1,982,509	2,199,523	2,644,834	445,311
Other	-	8,236	106,781	98,545
<b>TOTAL RECEIPTS</b>	<b>\$ 13,319,942</b>	<b>\$ 13,905,840</b>	<b>\$ 13,931,844</b>	<b>\$ 26,004</b>
<b>DISBURSEMENTS:</b>				
Instruction:				
Regular Instruction	\$ 1,395,037	\$ 1,392,381	\$ 1,430,678	\$ (38,297)
Gifted Instruction	3,734	3,734	3,813	(79)
Special Education and Related Services	686,432	784,469	784,045	424
Proportionate Share Services	-	21,817	3,809	18,008
Supplemental Instruction	296,687	369,237	336,487	32,750
Early Childhood Special Education	29,311	29,311	54,684	(25,373)
Career Education Programs	248,351	239,437	205,314	34,123
Student Activities	781,536	781,536	818,377	(36,841)
Total Instruction	<b>\$ 3,441,088</b>	<b>\$ 3,621,922</b>	<b>\$ 3,637,207</b>	<b>\$ (15,285)</b>
Student Services:				
Attendance	\$ 112,711	\$ 112,711	\$ 118,615	\$ (5,904)
Guidance	197,142	197,142	197,478	(336)
Health, Psych, Speech and Audio	330,185	330,185	350,458	(20,273)
Total Student Services	<b>\$ 640,038</b>	<b>\$ 640,038</b>	<b>\$ 666,551</b>	<b>\$ (26,513)</b>
Instructional Staff Support:				
Improvement of Instruction	\$ 20,000	\$ 20,000	\$ 10,171	\$ 9,829
Professional Development	56,077	56,077	73,613	(17,536)
Media Services (Library)	134,261	135,153	113,353	21,800
Total Instructional Staff Support	<b>\$ 210,338</b>	<b>\$ 211,230</b>	<b>\$ 197,137</b>	<b>\$ 14,093</b>
General Administration and Central Services:				
Board of Education Services	\$ 150,000	\$ 150,000	\$ 125,585	\$ 24,415
Executive Administration	477,848	329,851	308,136	21,715
Business, Fiscal, Internal Service	532,177	587,714	343,217	244,497
Total General Administration and Central Services	<b>\$ 1,160,025</b>	<b>\$ 1,067,565</b>	<b>\$ 776,938</b>	<b>\$ 290,627</b>
Building Level Administration	\$ 1,020,483	\$ 871,020	\$ 544,957	\$ 326,063
Operation of Plant	\$ 2,824,329	\$ 2,812,568	\$ 2,697,556	\$ 115,012
Security Services	\$ 85,209	\$ 95,514	\$ 91,238	\$ 4,276
Pupil Transportation:				
District Operated Non-Disabled Student Trans Cost	\$ 905,709	\$ 905,709	\$ 1,036,234	\$ (130,525)
District Operated K-12 Disabled Trans. Services	-	-	37,676	(37,676)
Early Childhood Special Education Trans. Serv.	-	-	17,703	(17,703)
Total Pupil Transportation	<b>\$ 905,709</b>	<b>\$ 905,709</b>	<b>\$ 1,091,613</b>	<b>\$ (185,904)</b>
Food Services	\$ 1,699,170	\$ 1,699,170	\$ 1,514,518	\$ 184,652
Food Service - Title I	\$ 8,500	-	\$ 9,102	\$ (9,102)
Adult Basic Education	\$ 119,406	\$ 119,406	\$ 7,346	\$ 112,060
Adult Continuing Education	\$ 567,473	\$ 575,710	\$ 675,799	\$ (100,089)
Community Services	\$ 25,278	\$ 25,278	\$ 23,243	\$ 2,035
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 12,707,046</b>	<b>\$ 12,645,130</b>	<b>\$ 11,933,205</b>	<b>\$ 711,925</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>\$ 612,896</b>	<b>\$ 1,260,710</b>	<b>\$ 1,998,639</b>	<b>\$ 737,929</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Out)	(1,915,764)	(1,915,764)	(1,915,764)	-
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)</b>	<b>\$ (1,302,868)</b>	<b>\$ (655,054)</b>	<b>\$ 82,875</b>	<b>\$ 737,929</b>
<b>FUND BALANCES, July 1, 2015</b>	<b>10,791,146</b>	<b>10,791,146</b>	<b>10,791,146</b>	<b>-</b>
<b>FUND BALANCES, June 30, 2016</b>	<b>\$ 9,488,278</b>	<b>\$ 10,136,092</b>	<b>\$ 10,874,021</b>	<b>\$ 737,929</b>

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 2

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - TEACHERS' FUND**

For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
RECEIPTS:	Original	Final	Actual	
Local	\$ 4,438,437	\$ 4,192,107	\$ 4,709,269	\$ 517,162
County	236,682	236,682	232,921	(3,761)
State	11,470,259	11,374,225	11,950,632	576,407
Federal	3,004,991	3,007,859	1,936,278	(1,071,581)
Other	146,000	146,000	73,500	(72,500)
TOTAL RECEIPTS	\$ 19,296,369	\$ 18,956,873	\$ 18,902,600	\$ (54,273)
DISBURSEMENTS:				
Instruction:				
Regular Instruction	\$ 12,603,049	\$ 12,600,695	\$ 11,026,009	\$ 1,574,686
Gifted Instruction	111,675	111,675	114,601	(2,926)
Special Education and Related Services	1,370,969	1,010,850	1,695,898	(685,048)
Proportionate Share Services	-	-	4,311	(4,311)
Supplemental Instruction	1,031,181	1,180,043	1,058,456	121,587
Early Childhood Special Education	69,900	69,900	94,546	(24,646)
Career Education Programs	1,255,256	1,262,996	1,218,883	44,113
Tuition to Other Districts within the State	60,000	60,000	83,148	(23,148)
Tuition, Special Ed Program Outside the State and Private	36,000	36,000	42,563	(6,563)
Total Instruction	\$ 16,538,030	\$ 16,332,159	\$ 15,338,415	\$ 993,744
Student Services:				
Guidance	\$ 551,200	\$ 551,200	\$ 1,051,274	\$ (500,074)
Total Student Services	\$ 551,200	\$ 551,200	\$ 1,051,274	\$ (500,074)
Instructional Staff Support:				
Professional Development	\$ 47,571	\$ 47,571	\$ 41,611	\$ 5,960
Media Services (Library)	203,035	203,035	339,863	(136,828)
Total Instructional Staff Support	\$ 250,606	\$ 250,606	\$ 381,474	\$ (130,868)
General Administration and Central Services:				
Executive Administration	\$ 364,070	\$ 582,608	\$ 479,484	\$ 103,124
Total General Administration and Central Services	\$ 364,070	\$ 582,608	\$ 479,484	\$ 103,124
Building Level Administration	\$ 1,059,300	\$ 1,199,300	\$ 1,594,666	\$ (395,366)
Community Services	\$ 40,500	\$ 41,000	\$ 57,287	\$ (16,287)
TOTAL DISBURSEMENTS	\$ 18,803,706	\$ 18,956,873	\$ 18,902,600	\$ 54,273
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ 492,663	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	-	-	-	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	\$ 492,663	\$ -	\$ -	\$ -
FUND BALANCES, July 1, 2015	-	-	-	-
FUND BALANCES, June 30, 2016	\$ 492,663	\$ -	\$ -	\$ -

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

NOTES TO BUDGETARY INFORMATION

For the Year Ended 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. The original and final budget balances for the general fund and special revenue (teachers') fund are included in the budgetary comparison schedules which are reported as required supplementary information. The budgetary comparison schedules for the debt service fund and capital projects fund are reported as other supplementary information.
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 plus transfers-in for the year. Actual expenditures by fund cannot exceed the budgeted amounts.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements.
6. Budgeted amounts are as originally adopted, or as amended by the Board of Education
7. The District's budgets are prepared on the modified cash basis of accounting.

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 3

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND  
RELATED RATIOS

For the Year Ended June 30, 2016

Public School Retirement System of Missouri

<u>Year Ended</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Shares of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2015	0.3356%	\$ 13,768,243	\$ 14,954,234	92.07%	89.34%
6/30/2016	0.3442%	19,870,185	15,622,502	127.19%	85.78%

Public Education Employee Retirement System of Missouri

<u>Year Ended</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Shares of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2015	0.2832%	\$ 1,034,150	\$ 4,130,021	25.04%	91.33%
6/30/2016	0.2933%	1,551,282	4,398,409	35.27%	88.28%

Note: *This schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

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

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



SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 4

SCHEDULE OF EMPLOYER CONTRIBUTIONS

For the Year Ended June 30, 2016

Public School Retirement System of Missouri

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency) (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2014	\$ 2,078,732	\$ 2,078,732	\$ -	\$ 14,364,446	14.47%
6/30/2015	\$ 2,160,983	\$ 2,160,983	\$ -	\$ 14,954,234	14.45%
6/30/2016	\$ 2,259,917	\$ 2,259,917	\$ -	\$ 15,622,502	14.47%

Public Education Employee Retirement System of Missouri

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency) (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2014	\$ 279,043	\$ 279,043	\$ -	\$ 4,067,674	6.86%
6/30/2015	\$ 283,320	\$ 283,320	\$ -	\$ 4,130,021	6.86%
6/30/2016	\$ 301,731	\$ 301,731	\$ -	\$ 4,398,409	6.86%

*Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

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

## SUPPLEMENTARY INFORMATION

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 5

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - DEBT SERVICE FUND**

For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
<u>RECEIPTS:</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Local	\$ 514,976	\$ 514,976	\$ 513,197	\$ (1,779)
County	49,680	49,680	75,980	26,300
Other	-	-	-	-
TOTAL RECEIPTS	<u>\$ 564,656</u>	<u>\$ 564,656</u>	<u>\$ 589,177</u>	<u>\$ 24,521</u>
<u>DISBURSEMENTS:</u>				
Debt Service - Interest	\$ 71,600	\$ 89,858	\$ 89,858	\$ -
Debt Service - Principal	280,000	2,470,000	2,470,000	-
Debt Service - Fees	1,600	24,856	24,009	847
TOTAL DISBURSEMENTS	<u>\$ 353,200</u>	<u>\$ 2,584,714</u>	<u>\$ 2,583,867</u>	<u>\$ 847</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ 211,456	\$ (2,020,058)	\$ (1,994,690)	\$ 25,368
<u>OTHER FINANCING SOURCES (USES):</u>				
Long-term Debt Issued	<u>-</u>	<u>1,407,000</u>	<u>1,407,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	\$ 211,456	\$ (613,058)	\$ (587,690)	\$ 25,368
FUND BALANCES, July 1, 2015	<u>901,807</u>	<u>901,807</u>	<u>901,807</u>	<u>-</u>
FUND BALANCES, June 30, 2016	<u>\$ 1,113,263</u>	<u>\$ 288,749</u>	<u>\$ 314,117</u>	<u>\$ 25,368</u>

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 6

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
<u>RECEIPTS:</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Local	\$ 284,500	\$ 284,500	\$ 321,901	\$ 37,401
State	81,494	109,297	102,868	(6,429)
Federal	-	180,665	168,941	(11,724)
Other	-	-	21,270	21,270
<b>TOTAL RECEIPTS</b>	<b>\$ 365,994</b>	<b>\$ 574,462</b>	<b>\$ 614,980</b>	<b>\$ 40,518</b>
<u>DISBURSEMENTS:</u>				
Instruction:				
Regular Instruction	\$ 412,793	\$ 638,624	\$ 432,086	\$ 206,538
Special Education and Related Services	3,750	3,750	-	3,750
Supplemental Instruction	4,266	2,698	2,698	-
Career Education Programs	170,816	169,514	213,491	(43,977)
Total Instruction	<u>\$ 591,625</u>	<u>\$ 814,586</u>	<u>\$ 648,275</u>	<u>\$ 166,311</u>
Student Services:				
Guidance	\$ -	\$ -	\$ -	\$ -
Health Services	3,846	3,846	3,628	218
Media Services (Library)	280	1,944	-	1,944
Total Student Services	<u>\$ 4,126</u>	<u>\$ 5,790</u>	<u>\$ 3,628</u>	<u>\$ 2,162</u>
Instructional Staff Support:				
Business, Fiscal, Internal Service	\$ 5,000	\$ 5,000	\$ 1,347	\$ 3,653
Operation of Plant	\$ 715,000	\$ 706,400	\$ 703,497	\$ 2,903
District Operated Non-Disabled Student Trans Cost	\$ 130,000	\$ 130,000	\$ 124,000	\$ 6,000
Food Services	\$ 41,400	\$ 41,400	\$ 33,265	\$ 8,135
Adult Continuing Education	\$ 22,635	\$ 22,635	\$ 16,036	\$ 6,599
Facilities Acquisition and Construction	\$ 200,000	\$ 200,000	\$ 200,620	\$ (620)
Principal	\$ 127,576	\$ 127,576	\$ 127,577	\$ (1)
Interest	\$ 59,386	\$ 59,386	\$ 56,112	\$ 3,274
Other Fees	\$ -	\$ -	\$ 1,000	\$ (1,000)
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 1,896,748</b>	<b>\$ 2,112,773</b>	<b>\$ 1,915,357</b>	<b>\$ 197,416</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>\$ (1,530,754)</b>	<b>\$ (1,538,311)</b>	<b>\$ (1,300,377)</b>	<b>\$ 237,934</b>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers In (Out)	<u>1,915,764</u>	<u>1,915,764</u>	<u>1,915,764</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)</b>	<b>\$ 385,010</b>	<b>\$ 377,453</b>	<b>\$ 615,387</b>	<b>\$ 237,934</b>
<b>FUND BALANCES, July 1, 2015</b>	<b>3,482,630</b>	<b>3,482,630</b>	<b>3,482,630</b>	<b>-</b>
<b>FUND BALANCES, June 30, 2016</b>	<b>\$ 3,867,640</b>	<b>\$ 3,860,083</b>	<b>\$ 4,098,017</b>	<b>\$ 237,934</b>

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 7

SCHEDULE OF REVENUES COLLECTED BY SOURCE -  
SCHOOL DISTRICT FUNDS

For the Year Ended June 30, 2016

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Totals
<b>LOCAL:</b>					
Property Taxes - Current	\$ 6,324,058	\$ 1,318,328	\$ 446,508	\$ -	\$ 8,088,894
Property Taxes - Delinquent	876,086	182,442	61,792	-	1,120,320
School District Trust Fund (Prop C)	-	3,204,798	-	-	3,204,798
Financial Institution Tax	-	-	-	70,635	70,635
M&M Surtax	-	-	-	156,389	156,389
In Lieu of Tax	-	-	-	15,549	15,549
Tuition - Post Secondary	425,713	-	-	-	425,713
Earnings on Investments	99,917	3,701	4,897	328	108,843
Food Service Program	183,532	-	-	-	183,532
Food Service Non-Program	87,974	-	-	-	87,974
Student Activities	694,234	-	-	-	694,234
Community Services	26,231	-	-	-	26,231
Other - From Local Sources	4,072	-	-	79,000	83,072
Total Local	<u>\$ 8,721,817</u>	<u>\$ 4,709,269</u>	<u>\$ 513,197</u>	<u>\$ 321,901</u>	<u>\$ 14,266,184</u>
<b>COUNTY:</b>					
Fines, Escheats, Etc.	\$ -	\$ 81,228	\$ -	\$ -	\$ 81,228
State Assessed Utilities	727,688	151,693	75,980	-	955,361
Total County	<u>\$ 727,688</u>	<u>\$ 232,921</u>	<u>\$ 75,980</u>	<u>\$ -</u>	<u>\$ 1,036,589</u>
<b>STATE:</b>					
Basic Formula - State Monies	\$ 316,920	\$ 11,151,000	\$ -	\$ -	\$ 11,467,920
Transportation	225,275	-	-	-	225,275
Early Childhood Special Education	131,061	33,913	-	-	164,974
Basic Formula - Classroom Trust Fund	901,985	319,397	-	-	1,221,382
Career Education/At Risk	-	35,000	-	-	35,000
Educational Screening Prog/ PAT	-	47,677	-	-	47,677
Career Education	80,644	351,306	-	28,762	460,712
Food Service - State	14,013	-	-	-	14,013
Adult Education & Literacy (AEL)	4,996	-	-	-	4,996
Career Education Enhancement Grant	8,284	-	-	74,106	82,390
High Need Fund	30,881	12,339.0	-	-	43,220
Other - State	16,665	-	-	-	16,665
Total State	<u>\$ 1,730,724</u>	<u>\$ 11,950,632</u>	<u>\$ -</u>	<u>\$ 102,868</u>	<u>\$ 13,784,224</u>
<b>FEDERAL:</b>					
Medicaid	\$ 66,913	\$ -	\$ -	\$ -	\$ 66,913
Child Development Associate (CDA) Grant	17,500	-	-	-	17,500
Perkins Basic Grant, Career Education	80,491	98,830	-	29,084	208,405
Adult Education & Literacy (AEL)	7,534	-	-	-	7,534
IDEA Grants	9,529	10,748	-	-	20,277
IDEA Entitlement Funds, Part B IDEA	641,267	130,643	-	-	771,910
Early Childhood Special Education - Federal	16,552	60,633	-	-	77,185
School Lunch Program	1,020,782	-	-	-	1,020,782
School Breakfast Program	369,868	-	-	-	369,868
After School Snack Program	8,323	-	-	-	8,323
Fresh Fruits and Vegetable Program	10,432	-	-	-	10,432
Title I - ESEA	275,776	1,279,065	-	-	1,554,841
Title II, Part A, ESEA - Teacher & Principal Quality	104,171	272,880	-	-	377,051
Title VI, Part B Rural Education Initiative	-	83,479	-	-	83,479
Other - Federal	15,696	-	-	139,857	155,553
Total Federal	<u>\$ 2,644,834</u>	<u>\$ 1,936,278</u>	<u>\$ -</u>	<u>\$ 168,941</u>	<u>\$ 4,750,053</u>
<b>OTHER:</b>					
Sales of School Buses	\$ -	\$ -	\$ -	\$ 8,268	\$ 8,268
Sale of Other Property	891	-	-	13,002	13,893
Tuition From Other Districts	-	53,418	-	-	53,418
Area Voc Fees from Other LEAs	105,890	20,082	-	-	125,972
Total Other	<u>\$ 106,781</u>	<u>\$ 73,500</u>	<u>\$ -</u>	<u>\$ 21,270</u>	<u>\$ 201,551</u>
<b>TOTAL REVENUES COLLECTED</b>	<u>\$ 13,931,844</u>	<u>\$ 18,902,600</u>	<u>\$ 589,177</u>	<u>\$ 614,980</u>	<u>\$ 34,038,601</u>

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 8

SCHEDULE OF DISBURSEMENTS BY OBJECT -  
SCHOOL DISTRICT FUNDS

For the Year Ended June 30, 2016

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Totals
Salaries	\$ 3,995,318	\$ 14,608,942	\$ -	\$ -	\$ 18,604,260
Employee Benefits	1,234,049	4,167,949	-	-	5,401,998
Purchased Services	4,220,925	125,709	-	-	4,346,634
Supplies	2,482,913	-	-	-	2,482,913
Capital Outlay	-	-	-	1,730,668	1,730,668
Principal	-	-	2,470,000	127,577	2,597,577
Interest	-	-	89,858	56,112	145,970
Other (Fin. Fees, Etc.)	-	-	24,009	1,000	25,009
TOTAL	<u>\$ 11,933,205</u>	<u>\$ 18,902,600</u>	<u>\$ 2,583,867</u>	<u>\$ 1,915,357</u>	<u>\$ 35,335,029</u>

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

STATE



**Van de Ven, LLC**

**Certified Public Accountants & Advisors**

1020 North Kingshighway  
Suite D • P.O. Box 1090  
Cape Girardeau, MO 63702-1090  
Phone: (573) 335-1231  
Fax: (573) 339-0163  
[www.van-de-ven.com](http://www.van-de-ven.com)

Independent Accountant's Report on Management's  
Assertions About Compliance with Specified  
Requirements of Missouri Laws and Regulations

Board of Education  
Sikeston R-6 School District  
Sikeston, Missouri

We have examined management's assertions, included in its representation letter dated December 13, 2016 that Sikeston R-6 School District complied with the requirements of Missouri Laws and Regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of average daily attendance, resident membership on the last Wednesday of September 2015 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January 2016; and accurate disclosure by the District's pupil transportation records of the average students scheduled to be transported on a regular basis both eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid, and the allowable costs for pupil transportation during the year ended June 30, 2016.

As discussed in that representation letter, management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the District's compliance based on our examination.

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

In our opinion, management's assertions that Sikeston R-6 School District complied with the aforementioned requirements for the year ended June 30, 2016 are fairly stated in all material respects.

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

VAN DE VEN, LLC

*Van de Ven, LLC CPAs*

Cape Girardeau, Missouri  
December 13, 2016



SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 9

County District Number: 100-063 District Name: Sikeston R-6 School District

SCHEDULE OF SELECTED STATISTICS

For the Year Ended June 30, 2016

1. Calendar (Sections 160.041 and 171.031, RSMo)

- A. 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:

		Res. I	Res. II	
Grades	<u>K-6</u>	<u>1,151.80</u>	<u>          </u>	Hours
Grades	<u>7</u>	<u>1,136.00</u>	<u>          </u>	Hours
Grades	<u>8</u>	<u>1,144.50</u>	<u>          </u>	Hours
Grades	<u>9-12</u>	<u>1,136.00</u>	<u>          </u>	Hours

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

Grades	<u>K-6</u>	<u>174</u>	Days
Grades	<u>7</u>	<u>174</u>	Days
Grades	<u>8</u>	<u>174</u>	Days
Grades	<u>9-11</u>	<u>174</u>	Days

Notes: \_\_\_\_\_

\_\_\_\_\_

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 9

County District Number: 100-063 District Name: Sikeston R-6 School District

SCHEDULE OF SELECTED STATISTICS

For the Year Ended June 30, 2016

2. Average Daily Attendance (ADA)

Regular Term	Full-Time & Part-Time	Remedial	Deseg In	Federal Lands	Total	Deseg Out
Grades K	265.24				265.24	
Grades 1-4	1065.53				1065.53	
Grades 5-6	500.06				500.06	
Grades 7	236.58				236.58	
Grades 8	262.49				262.49	
Grades 9-12	808.97				808.97	
Subtotal Regular Term	3138.87				3138.87	
		Resident	Deseg In	Federal Lands	Total	
Summer School Subtotal						
Total Regular Term Plus Summer School ADA					3138.87	

Notes: \_\_\_\_\_

3. September Membership

	Full-Time & Part-Time	Deseg In	Federal Lands	Total	Deseg Out
September Membership FTE Count	3387.53			3387.53	

Notes: \_\_\_\_\_

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 9

County District Number: 100-063 District Name: Sikeston R-6 School District

SCHEDULE OF SELECTED STATISTICS

For the Year Ended June 30, 2016

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

	Full-Time & Part-Time	Deseg In	Total
State FTE Total			
Free	<u>2,049.46</u>	<u>          </u>	<u>2,049.46</u>
Reduced	<u>200.75</u>	<u>          </u>	<u>200.75</u>
Total	<u>2,250.21</u>	<u>          </u>	<u>2,250.21</u>

Notes: \_\_\_\_\_

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: \$25,000
- 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

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 9

County District Number: 100-063 District Name: Sikeston R-6 School District

SCHEDULE OF SELECTED STATISTICS

For the Year Ended June 30, 2016

5. Finance (Continued)

D.	Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records.	<u>True</u>
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.	<u>True</u>
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.	<u>True</u>
G.	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment.	<u>True</u>
H.	The amount spent for approved professional development committee plan activities was:	<u>\$115,224</u>

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

Finding #:

Management Letter Comment #: \_\_\_\_\_

Notes: \_\_\_\_\_

\_\_\_\_\_

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 9

County District Number: 100-063 District Name: Sikeston R-6 School District

SCHEDULE OF SELECTED STATISTICS

For the Year Ended June 30, 2016

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. True
- 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. True
- C. Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:
- |                  |               |
|------------------|---------------|
| ▪ Eligible ADT   | <u>1890.5</u> |
| ▪ Ineligible ADT | <u>0</u>      |
- D. The district's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year. True
- E. Actual odometer records show the total district-operated and contracted mileage for the year was: 272,271
- Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:
- |  |                |
|--|----------------|
| ▪ Eligible Miles                           | <u>210,163</u> |
| ▪ Ineligible Miles (Non-Route/Disapproved) | <u>62,108</u>  |
- F. Number of days the district operated the school transportation system during the regular school year: 174

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

Finding #: \_\_\_\_\_

Management Letter Comment #: \_\_\_\_\_

Notes: \_\_\_\_\_

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 10

SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID

For the Year Ended June 30, 2016

	District Operated Non-Disabled Student Trans Cost	Disabled Transportation Services	Early Childhood Special Education Transportation Services	Total
Certificated Salaries	\$ 39,013	\$ -	\$ -	\$ 39,013
Non-Certificated Salaries	615,432	25,512	11,440	652,384
Employee Benefits	118,036	3,427	1,663	123,126
Purchased Services	18,116	510	-	18,626
Supplies	245,637	8,226	4,601	258,464
Depreciation	85,649	-	-	85,649
Capital Outlay	124,000	-	-	124,000
TOTAL EXPENDITURES	\$ 1,245,883	\$ 37,675	\$ 17,704	\$ 1,301,262
Less: Non-Cash Expenditures:				
Depreciation	(85,649)	-	-	(85,649)
TOTAL CASH EXPENDITURES	<u>\$ 1,160,234</u>	<u>\$ 37,675</u>	<u>\$ 17,704</u>	<u>\$ 1,215,613</u>

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

FEDERAL



# Van de Ven, LLC

Certified Public Accountants & Advisors

1020 North Kingshighway  
Suite D • P.O. Box 1090  
Cape Girardeau, MO 63702-1090  
Phone: (573) 335-1231  
Fax: (573) 339-0163  
www.van-de-ven.com

Independent Auditor's 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 Board of Education  
Sikeston R-6 School District  
Sikeston, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the internal services fund of Sikeston R-6 School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Sikeston R-6 School District's basic financial statements, and have issued our report thereon dated December 13, 2016.

## Internal Control over Financial Reporting

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

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

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



## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

VAN DE VEN, LLC

A handwritten signature in black ink that reads "Van de Ven, LLC CAs". The signature is written in a cursive, flowing style.

Cape Girardeau, Missouri  
December 13, 2016



# Van de Ven, LLC

Certified Public Accountants & Advisors

1020 North Kingshighway  
Suite D • P.O. Box 1090  
Cape Girardeau, MO 63702-1090  
Phone: (573) 335-1231  
Fax: (573) 339-0163  
www.van-de-ven.com

## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Education  
Sikeston R-6 School District  
Sikeston, Missouri

### Report on Compliance for Each Major Federal Program

We have audited the Sikeston R-6 School 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 Sikeston R-6 School District major federal programs for the year ended June 30, 2016. Sikeston R-6 School District major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the Sikeston R-6 School 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 Sikeston R-6 School District 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 Sikeston R-6 School District's compliance.

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

In our opinion, the Sikeston R-6 School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control over Compliance**

Management of the Sikeston R-6 School 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 Sikeston R-6 School 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 Sikeston R-6 School District 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.

Van de Ven, LLC

Handwritten signature in cursive script that reads "Van de Ven, LLC CPAs".

Cape Girardeau, Missouri  
December 13, 2016

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 11

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<b><i>Student Financial Assistance Cluster</i></b>			
Department of Education			
Federal Pell Grant Program			
Federal Pell Grant Program	84.063	Department of Elementary and Secondary Education	\$ 139,651
Total Federal Pell Grant Program			<u>\$ 139,651</u>
Federal Direct Student Loans			
Federal Direct Student Loans	84.268	Department of Elementary and Secondary Education	\$ 285,184
Total Federal Direct Student Loans			<u>\$ 285,184</u>
<i>Total Department of Education</i>			<u>\$ 424,835</u>
<b><i>Total Student Financial Assistance Cluster</i></b>			<u>\$ 424,835</u>
<b><i>Child Nutrition Cluster</i></b>			
United States Department of Agriculture			
School Breakfast Program			
School Breakfast Program	10.553	USDA	\$ 404,351
Total School Breakfast Program			<u>\$ 404,351</u>
National School Lunch Program			
National School Lunch Program	10.555	USDA	\$ 1,020,782
National School Lunch Program	10.555	USDA	9,323
National School Lunch Program	10.555	USDA	80,000
Total National School Lunch Program			<u>\$ 1,110,105</u>
<i>Total United States Department of Agriculture</i>			<u>\$ 1,514,456</u>
<b><i>Total Child Nutrition Cluster</i></b>			<u>\$ 1,514,456</u>
<b><i>Special Education Cluster (IDEA)</i></b>			
Department of Education			
Special Education_Grants to States			
Special Education_Grants to States	84.027	Department of Elementary and Secondary Education	\$ 14,865
Special Education_Grants to States	84.027	Department of Elementary and Secondary Education	5,067
Special Education_Grants to States	84.027	Department of Elementary and Secondary Education	63,658
Special Education_Grants to States	84.027	Department of Elementary and Secondary Education	620,856
Special Education_Grants to States	84.027	Department of Elementary and Secondary Education	4,238
Total Special Education_Grants to States			<u>\$ 708,684</u>
Special Education_Preschool Grants			
Special Education_Preschool Grants	84.173	Department of Elementary and Secondary Education	\$ 13,527
Total Special Education_Preschool Grants			<u>\$ 13,527</u>
<i>Total Department of Education</i>			<u>\$ 722,211</u>
<b><i>Total Special Education Cluster (IDEA)</i></b>			<u>\$ 722,211</u>

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 11

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<b><i>Other Programs</i></b>			
Department of Education			
Adult Education - Basic Grants to States			
Adult Education - Basic Grants to States	84.002	Department of Elementary and Secondary Education	\$ 7,346
Total Adult Education - Basic Grants to States			\$ 7,346
Title I Grants to Local Educational Agencies			
Title I Grants to Local Educational Agencies	84.010	Department of Elementary and Secondary Education	\$ 1,373,819
Title I Grants to Local Educational Agencies	84.010	Department of Elementary and Secondary Education	32,924
Total Title I Grants to Local Educational Agencies			\$ 1,406,743
Career and Technical Education -- Basic Grants to States			
Career and Technical Education -- Basic Grants to States	84.048	Department of Elementary and Secondary Education	\$ 208,405
Total Career and Technical Education -- Basic Grants to States			\$ 208,405
Rural Education			
Rural Education	84.358	Department of Elementary and Secondary Education	\$ 68,965
Total Rural Education			\$ 68,965
Improving Teacher Quality State Grants			
Improving Teacher Quality State Grants	84.367	Department of Elementary and Secondary Education	\$ 240,421
Total Improving Teacher Quality State Grants			\$ 240,421
<b><i>Total Department of Education</i></b>			<b><i>\$ 1,931,880</i></b>
Department of Health and Human Services			
Child Care and Development Block Grant			
Child Care and Development Block Grant	93.575	Missouri Department of Social Services	\$ 17,500
Total Child Care and Development Block Grant			\$ 17,500
<b><i>Total Department of Health and Human Services</i></b>			<b><i>\$ 17,500</i></b>
United States Department of Agriculture			
Fresh Fruits and Vegetable Program			
Fresh Fruits and Vegetable Program	10.582	USDA	\$ 11,431
Total Fresh Fruits and Vegetable Program			\$ 11,431
<b><i>Total United States Department of Agriculture</i></b>			<b><i>\$ 11,431</i></b>
<b><i>Total Other Programs</i></b>			<b><i>\$ 1,960,811</i></b>
<b><i>Total Expenditures of Federal Awards</i></b>			<b><i>\$ 4,622,313</i></b>

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 12

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

NOTE A – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Sikeston R-6 School District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirement of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principle, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of Sikeston R-6 School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Sikeston R-6 School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained the Uniform Guidance where certain type of expenditures are not allowable or are limited as reimbursement.

NOTE C – INDIRECT COST RATE:

Sikeston R-6 School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 13

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

A. Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified \_\_\_\_\_ Yes X No

Significant deficiency identified that is not considered to be material weakness?  
\_\_\_\_\_ Yes X None Reported

Noncompliance material to financial statements noted?  
\_\_\_\_\_ Yes X No

**Federal Awards**

Internal control over major programs:

Material weakness identified? \_\_\_\_\_ Yes X No

Significant deficiency identified that is not considered to be material weakness?  
\_\_\_\_\_ 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 Uniform Guidance? \_\_\_\_\_ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster	Amount
10.553/10.555	Child Nutrition Cluster	\$1,514,456
84.048	Career and Technical Education	208,405
84.367	Improving Teacher Quality State Grants	240,421
		<u>\$1,963,282</u>

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes X No

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

SCHEDULE OF FINDINGS AND QUESTION COSTS

For the Year Ended June 30, 2016

B. Findings - Financial Statement Audit

There were no audit findings related to the financial statements for the year ended June 30, 2016.

C. Findings and Questioned Costs - Major Federal Award Program Audit

There were no audit findings related to federal awards for the year ended June 30, 2016.

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



SIKESTON R-6 SCHOOL DISTRICT  
Sikeston, Missouri

SCHEDULE 14

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2016

There were no prior audit findings.

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